

# **The Dilemma of Middle Class Philanthropy**

A Summary Report Focusing on the BRIC Countries



## About this paper

This paper was inspired by discussions which formed part of the Bellagio Initiative which took place throughout 2011 and was organised by three partners:

The Rockefeller Foundation – [www.rockefellerfoundation.org](http://www.rockefellerfoundation.org)

Institute of Development Studies (IDS) – [www.ids.ac.uk](http://www.ids.ac.uk)

The Resource Alliance – [www.resource-alliance.org](http://www.resource-alliance.org)

Copyright of this paper is held jointly by the Resource Alliance, the Rockefeller Foundation and IDS.

For further resources visit [www.resource-alliance.org](http://www.resource-alliance.org) or [www.bellagioinitiative.org](http://www.bellagioinitiative.org)

# Foreword

Almost one year ago today, the Resource Alliance, as part of the Bellagio Initiative, convened a meeting in Delhi with representatives from each of the BRIC countries to discuss what the future of philanthropy might look like for them.

Throughout 2011, the Resource Alliance was delighted to be working alongside the Rockefeller Foundation and the Institute of Development Studies. The partnership entailed examining the future of philanthropy and development in the pursuit of human well-being through a range of different activities, culminating in the Bellagio Summit in November 2011.

Over the two days in Delhi, the subject of middle class giving continuously came up in discussions. It soon became clear that BRIC countries can be considered dynamic and characterised by increased local wealth. Most participants saw this wealth becoming a part of local philanthropy, whilst simultaneously, there also being a decrease in giving from traditional donor countries. In many cases, local philanthropy is therefore stepping up to fill the funding gap.

Individuals form an important element of such growing local philanthropy, and the middle classes were often highlighted as a key group. Collectively the group felt that there is a massive potential to increase middle class philanthropy in the future as BRIC economies continue to grow and organisations engage more with, and identify, this group as potential donors.

However, we also identified that emerging middle class philanthropy is not without its challenges. Issues of common language transparency, accountability and governance in the non-profit sector, which can be cause for concern for current and potential donors, came up time and time again. It soon became apparent that these are matters that need to be addressed by NGOs in the BRIC countries.

The discussions in Delhi truly captured my attention – the topic deserved further research and analysis. Therefore, the Resource Alliance commissioned four resource papers and this summary paper.

Although we do not yet have all the answers, we hope we have started an important conversation and that others will work with us to continue the research and analysis over the longer term as BRIC economies further develop.

The future of philanthropy remains an important area of work for the Resource Alliance. We very much see fundraising and philanthropy as two sides of the same coin. Through our work in this area, we are promoting greater understanding of the needs of NGOs to philanthropists and a greater understanding of the motivations and concerns of philanthropists for those engaged in development, particularly those seeking funding for development initiatives.

We believe that if the two sectors talk to each other more, rather than just their peers, and better understand the perspectives and needs of each other, they will be better placed to respond to these needs in a common language and ultimately grow and channel philanthropy towards sustainable development.

The Resource Alliance is committed to building skills and knowledge (for greater financial security and sustainability) of the non-profit sector. We believe that philanthropy can be sustainable, but only if the sector is professional, transparent and fit for purpose in order to absorb and respond effectively to the expectations of new generation philanthropists.

I would like to thank the resource persons for their insights and look forward to continuing this fascinating dialogue with you.

**Happy reading!**



**Neelam Makhijani**

Chief Executive, the Resource Alliance  
August 2012

# Executive summary

A key question for the future of philanthropy emerged from discussions at the consultation meeting in Delhi which formed part of the Bellagio Initiative on the future of philanthropy and development in the pursuit of human wellbeing: what's happening with middle class giving in BRIC countries and how can it contribute effectively to equitable and sustainable development? Two key and difficult questions emerged from the discussions in Delhi which the Resource Alliance felt needed further attention:

- 'What is the potential for giving of the growing middle class in BRICS countries?'
- 'How can this philanthropy be (made) transformative?'

Beyond those important and difficult questions, the Resource Alliance sought 'new knowledge, potential and challenges' on the problem of middle class philanthropy, so commissioned resource papers on middle class philanthropy in Brazil, China, India, and Russia. The papers sought to gather data and analysis on 'the potential of middle class giving in terms of numbers and income groups, growth in last three to five years, professional/educational/financial background; differing philosophies of giving; the role of religious identities, current motivations and mechanisms for giving ... and the challenges/future options and we can draw from them'.

The four resource papers prepared on middle class philanthropy in Brazil, China, India, and Russia noted a number of important themes. Notably, they highlighted the lack of significant data on the middle class and on middle class giving, and the need for more data. Little research thus far, including the resource papers, provides real data on the scope of the middle class and its giving in these countries. This makes analysis and recommendations both very difficult and highly anecdotal.

Furthermore, it is difficult to differentiate 'middle class philanthropy' from other forms of giving by local communities. The resource papers give some hints – primarily in the area of methods of giving – but we are left without answers to key questions such as is the newer middle class giving to different causes? In different ways? For different motivations? Changing over time? Since this is a new research area, the resource papers only begin to address these issues, which, we hope, other researchers will take up in the future.

The problem of trust and the need for higher levels of accountability and transparency in the charitable community to encourage and sustain donation processes emerges as a constraint on giving, and confidence in giving, in each of the resource papers. Of course, issues of trust, accountability and transparency are not specific to the somewhat artificial category of 'middle class giving'. Yet they need to be further addressed in each of these countries and presumably in many others as well.

Like the problem of trust, language, accountability and transparency, the continuing importance of policy and legal frameworks to encourage giving – all giving, not just from the middle class – emerges from each resource paper. And like other themes, more facilitative policy and legal frameworks would help to strengthen giving and non-profit service in general, not just among the 'middle class'.

The growing importance of social innovation in the giving context, including new forms, structures, institutions and modes of philanthropy emerges in each of the four country contexts. And this may actually – though, again, the data isn't there – be something more specific to middle class and wealthy donors.

The anecdotal and very general indications in the resource papers are that the diversification of modes of giving encourages new and sustained giving, and while this remains to be tested much more rigorously it makes sense as a continuing hypothesis guiding conduct.

Finally, the need for more professionalised grantmaking, operations, monitoring, evaluation and other aspects of both the donation and service process, tied to issues of trust, accountability and transparency mentioned above emerges from each of the country resource papers as well. Again, it is not only or specifically tied to 'middle class philanthropy'.

More broadly, we are left with the question of whether 'middle class philanthropy' is a useful analytical category with which to work. The question is complicated by the lack of real data in the current analyses of middle class giving. From what's been heard and said, it cannot be doubted that 'middle class giving' exists, and that it is growing, but I wonder whether it can be differentiated effectively – in philanthropic style and form, in the goals of philanthropy, in the relations between donors and recipients – from giving by other economic strata.

However, if there is a broader sense that this is an important category for analysis, surely we need better data, and a more consistent framework for cross-national analysis of the phenomenon – a considerably more rigorous research study that might actually result in clearer definitions of 'middle class' and 'middle class giving' and some real comparability of data and interpretation.

The Bellagio Initiative and its resource papers on middle class philanthropy in Brazil, China, India and Russia have begun that process, identified themes, provided some initial thoughts, identified some data resources, and provoked discussion. If the theme of 'middle class philanthropy' is more broadly considered worthy of further research, then this process will hopefully have set the stage for rigorous, data-driven research in this area. That data-driven research based on a common research protocol across countries would be one useful next step in this process if the theme of 'middle class philanthropy' is considered a useful theme for continued research and discussion.

**Mark Sidel**

Doyle-Bascom Professor of Law and Public Affairs  
University of Wisconsin-Madison

# Table of contents

Introduction .....	7
Middle Class Philanthropy: Defining the field .....	7
Middle Class Philanthropy: Evidence from the BRIC countries .....	8
Brazil.....	9
Defining philanthropy .....	9
The problem with defining the middle class – and the two middle classes.....	9
The new middle class and philanthropy in Brazil.....	11
Challenges for the future in the Brazilian context .....	12
China.....	13
Middle class consciousness and the challenges to philanthropy.....	13
Stages of giving in China .....	14
Challenges for the future in the Chinese context.....	15
India.....	16
Old philanthropy; new and growing middle classes.....	16
Where are the middle classes giving? A research problem in India and beyond.....	16
Challenges for the future in the Indian context .....	17
Russia.....	19
The problem of defining the middle class .....	19
And the problem of defining middle class giving in an environment where defining giving itself is difficult.....	20
The middle class, giving, and civic activism .....	21
Challenges for the future in the Russian context .....	22
Themes across the resource papers – and in the area of middle class giving in the BRIC nations .....	24
Concluding thoughts.....	25
Resource Papers on Middle Class Philanthropy in Brazil, China, India and Russia.....	26
Brazil.....	26
China .....	32
India .....	37
Russia.....	51
References .....	59
Endnotes .....	60



# Introduction

As part of the Bellagio Initiative on the future of philanthropy and development in the pursuit of human wellbeing, the Resource Alliance held a consultation meeting on philanthropy in BRIC countries in Delhi. A key question for the future of philanthropy emerged from the discussions: what's happening with middle class giving in BRIC countries and how can it contribute effectively to equitable and sustainable development?

The scope of the Bellagio Initiative itself was, of course, broader: to undertake 'a global discussion of the key challenges to protecting and promoting human wellbeing in the 21st Century', including the 'ways the agenda for international development actors and philanthropists must change in order to meet those challenges' and 'what forms of joint action must be undertaken by development and philanthropic organisations in relation to national government and civil society actors.'

Two difficult key questions emerged from the discussions in Delhi:

- 'What is the potential for giving of the growing middle class in BRIC countries?'
- 'How can this philanthropy be (made) transformative?'

Beyond those important and difficult questions, the Resource Alliance sought 'new knowledge, potential and challenges' on the problem of middle class philanthropy. In commissioning resource papers on middle class philanthropy in Brazil<sup>1</sup>, China<sup>2</sup>, India<sup>3</sup>, and Russia<sup>4</sup>, the Resource Alliance sought to gather data and analysis on 'the potential of middle class giving in terms of numbers and income groups, growth in last three to five years, professional/educational/financial background; differing philosophies of giving; the role of religious identities, current motivations and mechanisms for giving ... and the challenges/future options and we can draw from them.' The papers produced in this process play a useful role in beginning to define the scope and role of middle class philanthropy in these important countries.

## Middle Class Philanthropy: Defining the field

There is relatively little academic research on the question of middle class philanthropy, which is why the papers produced for this should garner interest in development, policy and academic communities. We have studies of origins of philanthropy in Victorian England, for example, that may be useful for historical comparison.<sup>5</sup> There is some mention of middle class civic mindedness in early Soviet Russia.<sup>6</sup> Some philanthropy in the United States, such as some United Way activities, has been occasionally – but not unanimously – defined as 'middle class' in its nature, and insufficiently serving the poor.<sup>7</sup>

There have been attempts to differentiate income and wealth, and the implications of those categories for middle class giving, for example in the African-American community.<sup>8</sup> Some forms of American philanthropy, such as giving circles, have been identified more with professional and middle class donors, though that is by no means a unanimous view.<sup>9</sup> And there is a long debate about the relative generosity of different economic strata in the United States and other countries that necessarily discusses the middle class as one group for comparison.<sup>10</sup>

In the countries that are the subject of the resource papers, there has been little previous significant research that focuses on the 'middle class' nature of philanthropic initiatives. To be sure, there are mentions in discussions of philanthropy in some of these countries,<sup>11</sup> but there has been little previous in-depth, data-driven research on the 'middle-classedness' of streams of philanthropy in these nations. The process is thus an early foray into this important field.

## **Middle Class Philanthropy: Evidence from the BRIC countries**

In seeking country papers from Brazil, China, India, and Russia, the Resource Alliance has built some initial country-based data and analysis of middle class giving at the country level. This paper summarises that country data and analysis and some cross-cutting themes that emerge from the resource papers on philanthropy among the middle class in Brazil, China, India, and Russia.



The study on Brazil was written by Marcos Kisil and Márcia Woods, the President and Executive Director of the leading Brazilian research institute IDIS (the Institute for the Development of Social Investment). It explores many of the difficult issues that complicate discussion of middle class philanthropy in a number of other countries as well.<sup>12</sup> The authors note, in an effectively understated way that applies to many other countries as well, that both 'middle class and philanthropy are elusive terms in... current Brazilian society.' Over 94 million Brazilians may be classified as middle class today, totalling over half the population, and providing a significant proportion of Brazil's growing charitable giving. The size of the middle class and its giving makes the study crucial for this key country.

## Defining philanthropy

'With respect to the word philanthropy, in Portuguese, it is too linked with the word charity. However, it is not just the word, but the overall meaning that is linked to the assistance to the poor in a paternalist way. Thus, a concept is progressively spread to describe donors' contribution: *private social investment*.'

As the authors indicate clearly and effectively, giving in Brazil has a long history, tied in many ways in earlier centuries to the Catholic Church. Distinctions developed between 'charity' and 'philanthropy' that are important in Brazil but useful in other country contexts as well:

'Charity, religious in origin and traditional in method, was ameliorative in result; philanthropy, from the beginning of the industrial revolution held promise to be secular, enlightened, and innovative, supporting preventive and curative actions for the well-being of the individuals. Charity sought to relieve the needy; philanthropy rewarded the promising and aimed to discover a way to improve everybody's quality of life.'

'But, over the years,' write the Brazilian analysts, 'many if not most of these distinctions have faded, and charity and philanthropy have become more alike than different. For Brazilians, their resources continue to support basic human needs, complementing or substituting the role of the government to the poor.'

So the Brazilian analysts, and it appears many others in Brazil, tend now to use the newer term 'private social investment.' 'It is a way to say that givers should be investors, not in an economic sense, but in a social sense: society should change and profit in terms of benefits. As with any investment, preliminary information should be gathered, opportunities should be identified, alternative models of intervention based on theories of change should be described, decisions should be made, goals should be set, monitoring and evaluation installed....'

## The problem of defining the middle class – and the two middle classes

As opposed to other BRIC countries such as China and India where income inequality is growing while the middle class also expands the Brazilian analysts note that income inequality is falling in Brazil while the middle class continues to grow. 'While 64.1 million people belonged to the middle class in 2003, or 37.56% of the total population, and had a 37% share of national income, by 2010, 29 million entered in the statistical middle class in the same period of time, reaching ... 94.9 million people, or 50.5% of the total population, absorbing 46% of the country's national income.'

This is more than the two higher statistical classes together' and more than lower classes, resulting in what the Brazilian analysts call a middle class 'majority.' The result is 'real increased wealth for middle class families.'<sup>13</sup>

Other indicia of the growing middle class (and wealthier classes) are clear as well: '58.6 million people have access to Internet in 2011, 23% more than 2010... The number of credit cards rose 91% between 2002 and 2008 to 79 million, about one for every 2.3 people....'

Formal employment continues to grow, along with 'more equitable distribution of growth among the different regions,' combined with – compared to China, as the Brazilian participants see it – 'better treatment of the environment and of labour coupled with rising equality.' Of course, many questions remain, including 'how sustainable is this inclusive growth process?' As in other countries examined, the Brazilian analysts tend to define their middle class not just by income. 'Income is just one facet that defines this new mass of consumers. In fact, identity is at the heart of the evolving socioeconomic spectrum in Brazil, as Brazilians try to redefine themselves within a rapidly changing country.' That makes the process of defining the middle class difficult, as for other countries in the study, even as it is clear that that ill-defined is indeed growing rapidly. And many in the new middle class seem to define themselves as 'lower income or poor,' while many in upper classes define themselves as middle class<sup>14</sup>. Other perceptions are telling as well, with implications for giving and for the growth of philanthropy:

'The traditional middle class sees themselves closer to upper class than working class. They are educated professionals who own their homes or rent relatively expensive real estate, who pay for private health care and education, take international vacations, buy name brand clothing, have a full-time maid, and maybe own or rent a second home in the mountains or at the beach. It's a group with disposable income, but one with a heavy tax burden. They tend to be sophisticated and worldly; they likely speak another language, at least at a basic level.

The new middle class, on the other hand, has lower level of education, and tends to be first-time homeowners; they may be taking their first trip or vacation, and buying their first washing machines or flat screen TVs. They might send their children to public school, or if they can afford it, to less expensive private schools. They tend to be newer to technology and the Internet, and they're far less likely to speak another language.'

Both middle classes also share 'financial limitations' that can and do impact giving. In the words of the Brazilian analysts, these include 'a high tax burden..., fear of the return of inflation, and a rising cost of living especially in urban areas that are offering new opportunities of employment, all of which reduces purchasing power and increase consumer debt.'

The result, for the new middle class, is that that group 'is still linked to the prevalent values of working class, having a better understanding of: Present and current problems of the society...; circumstances and problems closer where they live and work; effects of ... social and environmental problems; accepting and adopting the importance of social assistance than understanding the importance of developmental policies; and urban than rural problems.'

## The new middle class and philanthropy in Brazil

What does all this mean for middle class giving in Brazil? Data is limited – as it is for each country in the study – but ‘for this group charity is still the prevalent form of philanthropy, having the church and community organisations as the main recipients of their giving.’

We know more about working class giving in Brazil. As the Brazilian authors put it, quoting Engels’ famous phrase<sup>15</sup>, ‘in Brazil, as in any other BRIC countries, the contribution of the working class is likely to be undervalued, for so much of it is informal and unrecorded, unostentatious and uncelebrated ways of giving....’

‘Working-class charity takes various forms, from assisting neighbours during an emergency to founding a local voluntary agency to address local needs. Those charities are well-linked with the influence of the Catholic Church since the discovery and colonial years, and more recently with the New Pentecostal Churches. It is a moral obligation based on Christian creed. Giving is an expected attitude from a true believer.

The respectable working class, often identified with church, was particularly noticeable in their inner circle in its charitable activity. In other words, the preferred locale to give is the donors own community. In some sense, the donor and the gift become known in the community, generating a passport to social status and social integration, with gains in respectability and self-esteem.’

Is middle class giving – or giving by the two middle classes that the Brazilian analysts identify – similar in these characteristics? Perhaps it is too early to say, or the surveys have not yet been done, since we have no clear indication of this in the Brazilian report. The Brazilian analysts note that ‘local giving is stimulating a growing participation of citizens in the development of their communities’ and that giving and charity represents a ‘nursery school of democracy’ in a nation ‘that lived under military dictatorship till 1985, a time when all decisions were centralised at the Federal level, with ... poor participation of local citizens in their destiny....’

One local study by the organisation ChildFund<sup>16</sup>, based on data from the Brazilian National Bureau of Statistics (IBGE) from 2003 to 2010, notes that ‘Brazilian individual donor represent 9% of the population (17 million out of 190 million)’; individuals gave about \$3 billion in 2010; the wealthiest statistical class in Brazil accounted for 7% of donors but two thirds of donations; but by percentage of income the poorest statistical class grouping in Brazil gave far more (5.4% of income) than the richest group (0.4% of income); and that the number of donors in the middle class group is growing by about 10% a year<sup>17</sup>.

The Brazilian analysts also report that ‘donations go to basic human services complementing or substituting government assistance. Donors see education and support to economic opportunities for women as the main contribution to community development. Environment issues are still an area with little attention by donors. Children and youth are the preferential age groups as recipient of donations.’

## Challenges for the future in the Brazilian context

This is isolated and limited data, of course, as is true for each of the countries in the study, and points to a significant need for better data if the concept of 'middle class philanthropy' is regarded as a useful concept for discussion.

And there are indications (as there are in Russia, later in this paper), that volunteering by the middle class is growing. They offer, write the Brazilian scholars, 'time and technical expertise that they have gained through education, and the experience in their working place. They serve on boards, use their skills in general administration and fundraising, or delivering human services, or building or maintaining physical facilities at the community level. The value of volunteer work is also an important element in the building of a strong civil society, as part of a democratic and sustainable society.'<sup>18</sup>

So we seem to know quite a good deal about the process of formation and the characteristics of the new middle class – of the two middle classes – in Brazil, but little about their giving and other civil activism, beyond a general sense that developing philanthropy will be useful for community development in Brazil. That is not surprising, and it is consistent with the results from the other resource papers.

The picture is similar but perhaps even less clear in China, based on the resource paper written by Director Wang Zhenyao and his colleagues at the Beijing Normal University Philanthropy Research Institute.<sup>19</sup> Professor Wang is one of China's leading specialists on philanthropy, and his Institute is the leading Chinese site for research and policy analysis on the rapidly growing Chinese philanthropic sector. For Professor Wang and his colleagues, the key issue is 'the awakening of the subjective consciousness of middle class philanthropy, a most momentous social event that directly drove the cause of philanthropy in China onto a new path of development.' Estimates of the middle class in China are extraordinarily difficult to make, but most analysts agree that in Chinese terms the middle class is now in the several hundred millions. Likewise its contribution to charitable giving is exceptionally difficult to calculate in a nation where even broad giving figures are not yet available on a comprehensive and accurate basis – but it is clear from qualitative research and from the work of Chinese and foreign researchers that middle class giving is also growing rapidly in China.

## **Middle class consciousness and the challenges to philanthropy**

That middle class consciousness is on display, according to Wang and his colleagues, in two broad ways in China. First is through an upsurge in charitable and philanthropic donations that began with the great Wenchuan (Sichuan) earthquake of 2008 and its aftermath.

The other is the vociferous reaction in Chinese society – including the middle class – to a series of scandals in the Chinese charitable world. One of those was the 'firestorm of public doubt in philanthropy triggered by the Guo Meimei scandal' and 'the awakening of donor ... consciousness that is has helped to cause. Guo Meimei is a young Chinese woman who 'flaunted her luxurious lifestyle on Sina Weibo, China's largest micro-blogging website, while claiming to be 'the Commercial General Manager of Red Cross Society of China.'

As Wang rightly indicates, this 'touched off a firestorm of indignation and doubt among the public' as to the use of charitable donations – a firestorm that enveloped a range of charitable and philanthropic organisations and expanded to 'question the level of information transparency in public fundraising organisations.'

This reaction was not limited to the middle class, but perhaps, as Wang indicates, it was an indication of middle class growing interest and concern about philanthropy. The public asked: 'Why do we have no idea where our donations ended up?' In this process, the 'credibility' of a wide range of Chinese charitable and philanthropic organisations was severely challenged, and 'in the first half of 2011 ... , after the Guo Meimei scandal, donations in Beijing plummeted 'by more than 10% compared with the same period of 2010.'

For Wang, the 'Guo Meimei scandal ... awakened the subjective consciousness of the public, especially middle class benefactors in China.' As China has undertaken mobilised social assistance in which 'the government not only initiated charity collection, but also acted as the organiser, receiver, and distributor of donations,' limiting its activities to disasters and relief, focusing on mobilised giving to the Chinese Red Cross and the China Charity Federation, and declining to allow NGOs to carry out direct relief, charities and foundations are not independent.

This system, along with Guo Meimei-type charity scandals, has sown 'continuing doubt about public charities ... and de facto distrust in the government's public administration.' The result – after years of increases in giving, especially after the 2008 Wenchuan earthquake, was a decline in giving, what Wang calls 'involuntary collective non-cooperation. People have realised that benefactors have the decisive right to vote.' Here, he believes lies the evolution of middle class giving in China.



## Stages of giving in China

Data is scarce on middle class giving in China, but Wang and his colleagues note that ‘the middle class is playing an increasingly important role in philanthropy’, with ‘entrepreneurs playing a major role’ in newer Chinese giving and that ‘many local enterprises act as spearheads in routinely recurring donations.’ At a first stage, before about 2004, ‘the middle class mainly engaged in philanthropy in a grateful response to the government’s appeal.’ Because the middle class and wealthy could not yet establish their own charitable and philanthropic organisations, ‘the only channel to make donations was to donate to the government directly or to the state-run foundations. Many private enterprises owed their accumulated wealth to the Reform and Opening Up policy, thus expressing their gratitude toward the Communist Party of China (CPC) and the government by way of eager response to the government’s appeal.’

In the years that followed, Wang notes, ‘the Chinese middle class began to take the initiative to engage in charity. Thanks to the adoption of a new regulation that legitimised the establishment of private foundations in 2004, the middle class could set up their own foundations where they could play a decisive role.’ Foundations grew from 253 in 2005 to 436 in 2007.

The third step in Wang’s typology was ‘when the subjective consciousness of the middle class and middle class giving gradually took shape,’ and that began in 2008. By 2008 there were 643 private foundations, 846 in 2009, and 1,283 by October 2011, a foundation growth rate double the earlier period. Of course, this reflects wealthy as well as ‘middle class’ philanthropy, part of a broader problem of differentiating classes and strata that bedevils analysis of these trends in China as well as other countries.

So what Wang calls ‘middle class philanthropy’ may well be something broader – and richer – but he identifies four characteristics of it, at least in general terms. First, this philanthropy has been ‘transformed from the marginalised passive submission to the government’s appeal to voluntarily playing a key role in philanthropy.’ Second, fear persists: ‘the middle class dare not openly engage in philanthropy for fear of public scrutiny of their past ‘wrongdoings,’ a fear of earlier ideological campaigns against business, entrepreneurship, and private property. ‘In such a social context,’ Wang writes, many entrepreneurs who availed themselves of loopholes in the law when they first started their businesses dare not give donations now, for fear that their improper past behaviours will be investigated if they openly engage in philanthropy. Even worse, some of them would rather transfer their assets abroad than make donations, so as to ensure the safety of their money.’

Third, the middle class – and, again, not just the middle class – ‘are not good at running modern charitable organisations due to lack of a modern perception of philanthropy’ and ‘fail to run programmes efficiently.’ Finally, in a problem for innovation, the middle class is ‘relatively close-minded due to an absence of sufficient international communication,’ both because of government policy in running social policy and relief and political issues arising out of the ‘colour revolutions’ in Europe.

What about data on the middle class and its giving? As in the other countries surveyed, this is scarce. Most of the data presented in the resource paper is for high net worth individuals, not the middle class. Other research indicates clearly that the middle class, however defined, is growing rapidly in China. One Boston Consulting Group study cited by Wang and his colleagues notes that ‘China’s middle-class and affluent Consumers, defined as those with monthly income of over RMB 5,000, or US\$1,600, will increase from 150 million to more than 400 million over the next decade,<sup>20</sup> with concomitant potential for an increase in giving.

There are a number of challenges facing middle class giving in China, but Wang puts one first: 'How to establish a proper system and social environment suitable to ... China so that the middle class can engage in charity without encountering too many obstacles. In a sense, the future development of China's philanthropy is in the hands of middle class; it will be a decisive factor how their ways of giving will change and to what extent.'

## **Challenges for the future in the Chinese context**

Along with this comes the challenge of public perception, including mistrust of wealthy donors. This has contradictory effects on middle class philanthropists.

'On the one hand, middle class giving falls under the influence of public sentiment, especially negative attitudes in society.... People believe it is safer not to donate than have their donations misused.... On the other hand, some middle class people insistent on advancing philanthropy bear a steadfast sense of mission. Taking public distrust as a driving force to propel the development of private foundations, they are enthusiastic to set up family or entrepreneurial foundations and launch influential charitable programmes.'

That latter sentiment is reflected in the rapid growth of wealthy (if not necessarily middle class) philanthropy in 2010 and 2011.<sup>21</sup>



The India resource paper is written by the well-known researcher and policy analyst Nirja Mattoo, Chair of the Centre for Development of Corporate Citizenship at the S.P. Jain Institute of Management & Research in Mumbai. Professor Mattoo asserts that ‘philanthropy in India is largely characterised by the middle class. They are motivated to give and their interest in philanthropy is sustainable over the long run.’<sup>22</sup> Even without the hyperbole,<sup>23</sup> and with some more data, one could certainly say that the middle class is emerging as important in India’s philanthropic life, though the poor and the rich also, of course, give as well. Though the growth and importance of the Indian middle class is now widely recognised, there remain differing estimates of its size – though all agree that it is now in the hundreds of millions. The vast majority of this new middle class are givers, in some form or another, as Prof. Mattoo indicates in her paper. And their giving is expanding, and changing, over time.

## Old philanthropy; new and growing middle classes

India’s growing middle class makes the study of middle class giving a more popular topic in India today. But of course, as Mattoo notes, ‘philanthropy has been a way of life, ingrained in the roots and culture of Indian society.’ In recent decades, giving has diversified and, in some cases, become more professionalised, and as Mattoo notes a variety of donors, supporting networks and grassroots non-profits have expanded. Donors include individuals, domestic and overseas trusts and foundations, corporate donors, and others.<sup>24</sup>

Across economic classes – not just the middle class – giving in India appears to favour charities and to favour religion, children and youth, education, and healthcare. This is not dissimilar from many other countries. Mattoo asserts that ‘religious giving is still very high, but there is a shift towards local organisations who are more closely linked into the community, and as local organisation understand the issues better.’

And clearly the middle class is growing, as Indian government data cited by Mattoo show. As Mattoo points out, India is the world’s twelfth ranked economy, with high year-on-year GDP growth, and significant reductions in poverty. It has a high savings rate and ‘relies less on foreign capital.’ ‘70% of the country’s citizens are below the age of 36, and half of those are under 18 years of age.’ It is also an increasing urban nation, with about 340 million living in cities, though about 70% of Indians still live in rural areas.

While the middle class is not defined well for India – and Mattoo, like most of the other resource papers, makes clear that it ‘not only represents an income group, but also a political and social class and a consumer market’ – it is spread around the country, with a significant portion is concentrated in twenty cities that the 2008 NCAER National Survey of Household Income and Expenditure cited by Mattoo call the ‘megacities’ (including Mumbai, Delhi, Kolkata and others); ‘boomtowns’; and ‘niche cities.’ Incomes and consumption are growing particularly quickly in these areas. Estimates of the middle class vary widely; Mattoo cites figures ranging from 50 million to 200 million depending on definition.

## Where are the middle classes giving? A research problem in India and beyond

Where is the new Indian middle class giving? Mattoo asserts that ‘almost half of the high to middle-income Indians who support religious organisations do not support other voluntary organisations.’ And he notes ‘a study conducted by Sampradaan Indian Centre for Philanthropy (SICP) indicating that 96% of upper and middle class households in urban areas donate for a charitable purpose. In addition to this, the contribution by the middle-class has shot up by 20% in the last five years.’ She interprets ‘motivators as generally altruism, role model, catastrophic events, selfishness, mandated or guilt.’

And she notes that new modes of giving, such as online giving, payroll donations and others, and the emergence of new donor intermediaries, may have helped increase giving. Those 'evolving channels,' which are asserted to be used heavily by the middle class, include 'direct dialogue and telemarketing' and 'social marketing,' 'product sales,' 'mobile technology,' and 'retail stores,' though few details and statistics are provided on their relationship to middle class giving.<sup>25</sup>

Mattoo's interviews on middle class philanthropy in India, conducted with several large-scale NGOs<sup>26</sup> and several fundraisers, indicate a range of motivations and forms of giving. 'The middle class segment wants to be involved in the giving,' notes one summary. 'It is not passive donations by way of Drop Box but caring and doing their best to make a difference in the development of children and community.' This and other survey comments do not necessarily differentiate middle class giving from any other sort of giving.

The fundraisers, also upbeat, offer a bit more detail. 'In a very nascent stage,' notes one, 'habit has not been driven down yet in the lifestyle of Indians. Middle class segment has disposable income and willing to share some part for the cause.' 'They have the power of giving and aware of the options through internet. It is a fact that the middle class donors are conscious of their commitment. They keep aside the amount committed for a cause, in fact formed a habit to give. The commitment at times is higher than elite.' 'The mechanism like payroll has made it easier for the middle class give regularly. With the due diligence efforts by Give India and credibility alliance, there is an access for the donors to give as per their choice and cause. It is observed that with volunteering of skill/expertise and time also gets converted to the monetary benefit to the organisation. Engagement of the middle class is key for sustainability.'

What are the challenges for sustaining and increasing giving by the middle class? Again, for India as for the other countries in these resource papers, we have little hard data. We learn anecdotally that 'direct mail as a recruitment tool has become less effective with a lower clinch rate; NGOs like Plan India, Cry, World Vision and Greenpeace have little over a year ago, become active in the digital space.' We learn – and this actually makes sense from other contexts – that 'retention of donors is a huge challenge. Though direct mail is an effective tool for retention ... with high attrition rate in NGOs it is difficult to follow-up.'

Some issues are common sense: 'Donors don't want to make regular efforts towards donations hence a system like payroll deduction can be an easier method and release the administrative burden on the NGO. However the government has yet to execute the option of employee giving from the payroll.' And trust in recipients remains an issue: 'There is a negative perception about the integrity and operational management of the organisations and hence lack of trust where cash donations are given. It is observed that international organisations have better governance structure, management systems and processes in place; however the operation cost at times is higher than the needs of the beneficiaries.'

## Challenges for the future in the Indian context

The Indian resource paper's recommendations are logical, fairly general, and apply well beyond middle class philanthropy toward improving the environment and framework for giving for all in India. The recommendations include:

- 'The Indian government must continue to remove structural and policy impediments to development and improve income distribution across the population to grow its middle class that will be consumers and drivers of growth.'

- ‘Actions should include infrastructure improvements and social safety nets that encourage spending, while providing a buffer during hard times. The government should also put in place policies that stimulate the creation of stable, well-paid jobs, and encourage entrepreneurship and education.’
- ‘Better information can help construct a more effective philanthropy market, research and analysis can help to allocate assets properly, direct funding to the most effective organisations, and improve the quality of that funding. This would maximise the chances of philanthropy having a significant impact on the lives of disadvantaged people in India.’
- ‘To make progress on development, something more than government and markets is needed. Private giving-philanthropy-has a vital role to play in tackling social problems. It is important, not primarily because of its scale, but because of the things it can do.’
- ‘Focus on private giving philanthropy. Getting professionals who have the skill sets needed to work in such areas. Example, lawyers to do pro bono work, consulting firms can consult for social organisations, accountants can perform accounting services to help NGOs. Move the corporations beyond giving money, rather contribute the specific skill sets that they have. These organisations possess assets beyond money and their influence will be able to change the direction of programmes.’
- ‘Supporting organisations not just programmes. In cases where the donors’ goals are well aligned with the charities, the donors can provide operating support and expertise over and above the monetary incentives provided. It will also better help the donors understand the problems faced by the charity and be able to create a greater impact....’

Additional recommendations include strengthening middle class investment in social venture funds; encouraging donors to initiate their own projects; ‘creating a learning culture’ for donors and charities; increasing the use of social media to spur donations; and – perhaps among the most important -- strengthening accountability and transparency in the non-profit sector.

## The problem of defining the middle class

The resource paper on Russia was written by Inga Pagava, Senior Consultant at Charities Aid Foundation Russia and a leading specialist on Russian giving. Her paper is one of the first to begin the analysis of giving by the middle class in Russia – a group totalling, by the author's estimate, more than 28 million people and 20% of the Russian population. Her paper effectively illustrates a number of the themes that crosscut analysis of the other countries as well.<sup>27</sup> It can be exceptionally difficult to define the middle class, and equally difficult to define the economic and extra-economic characteristics that make individuals and families 'middle class.' So while in Russia 'politically we have a promise for favourable climate for the growth of the middle class,' in reality defining what it means to be middle class in Russia today remains very difficult.

'There are two main factors for this,' note the Russia resource paper authors. 'First, the time allowed for the middle class to emerge was too short; second, economic and political conditions were not favourable for the emergence of a sustained, independent core of the society that is readily recognised as a middle class.'

In the absence of clear definitions, the middle class is defined in Russia today, at least by the scholarly community, as 'the middle classes,' defined though general economic, social and professional criteria. They 'do not create one solid formation; they overlap and differ.' But they 'equal roughly 20%' of Russia's population, or about 28 million people. That middle class population does not yet include many young people, for example, who 'are deprived of some middle class features (high education, regular occupation).' And the pensioners who are middle class are not generally givers.

The Russian middle class, defined by a combination of economic, social and professional criteria, is not growing so fast. 'If only income or monetary criteria were applied,' then the middle class might grow more quickly. But when social and professional criteria are included, middle class growth slows.

'In Russia,' the resource paper analysts write, 'it is not primarily the economic factor that triggers social lift but a combination of factors among which education and intellectual maturity play important roles. And certain types and groups that are included in the middle class by ... social and professional criterion' include 'managers and top managers, specialists, white-collar professionals, service sector personnel, self-employed, farmers, family businesses; households where 50% of members or more are attributed to the middle class by occupation.'

At the same time, the middle class has not been growing effectively in recent years. 'Over the past ten years,' wrote the analysts for the study, 'Russia failed to create conditions necessary for emergence of a strong middle class. The country took a steady course towards concentration of the wealth according to the Latin-American scenario ... instead of the financial sustainability of multiple middle class.' That slow growth is exacerbated when it is understood that 'in Russia it is not income or monetary factor that triggers social lift but factors the deficit of higher education and non-manual labour (manual jobs still predominate in the Russian economy, and the current labour structure prevents integration of new groups into the middle class).'

And this new middle class is not giving much thus far. 'So far,' write the Russian analysts, 'only a tiny part of this fairly big group is engaged in philanthropy through donations, volunteering or in-kind contributions.' They are interested in new forms of giving, and while giving is starting from a small base, it is growing.

## Defining middle class giving in an environment where defining giving itself is difficult

So while philanthropic giving is only a very small proportion of GDP, for example, there has been steady growth in giving through Blago.ru, the online giving resource of CAF Russia, 'the only resource in the entire country where individual donors can choose a beneficiary out of a pool of validated NGOs and make a donation with the help of a bank card.' The number of donations to Blago.ru grew 64% in 2011 over 2010, and 127% in 2010 over 2009, and overall donations are up substantially as well.

As might be expected given the need for a bank card to give to Blago.ru, 'around 70% of Blago.ru donors are middle class, and they donate to the core business of NGOs,' since that is a key priority of the site. And recent tax incentives might help as well.

In general, however, financial giving, while increasing, still appears to be relatively low. One 2010 survey cited by the Russian analysts in the study noted that 'public participation in philanthropy is quite low. The general atmosphere is that of distrust of charitable organisations and of no strong philanthropic habits. Only 1% of the respondents participated in the activities of charitable organisations and foundations in the previous year.... No more than 3% made donations of money or goods to help charitable organisations.... And most of the Russian people (37%) preferred to provide money to the needy directly, without using an intermediary organisation, 3% of the respondents make contributions at work and only 1% of the population said that they used an organisation as an intermediary to make their charitable donations....'<sup>28</sup>

When NGO leaders assess middle class giving, as the Russian analysts for the Resource Alliance study requested, the reports are mixed.

'They unanimously agreed that (a) the middle class is their main source of donations in absolute amounts but not necessarily in ratio to other sources of income; (b) that donation levels have increased radically over the last three to five years; (c) though examples are scarce (and is data on the middle class in philanthropy), this evidence that a new 'more sophisticated donor' has appeared who expresses interest beyond simple reporting on expenditure and is more focused on the content of the NGO activity, there is more of conscious engagement in the NGO activity. All of them agree that it is becoming a steady and growing trend among the middle class to engage in philanthropy – at different levels and in different forms.

They assign, however, the growth in donation levels to the growth of the NGO recognition and not so much to the motivation change of a private donor. Expanding opportunities and introduction of new forms for making donations remain one of NGOs' strategic priorities. Targeting such opportunities specifically at more educated groups of the population is a focal activity for some NGOs. At the same time, NGOs say that majority of donors prefer to donate ad hoc though the number of donors who donate on regular basis has increased; in-kind donations are still popular; smaller amounts are more common and occur more often than bigger amounts; and professional volunteering is gaining popularity as well. In relatively developed regions or in smaller cities (and towns, a well-established NGO noted) philanthropic engagement is fairly high, it is an accepted standard among local businessmen but smaller and medium enterprise owners prefer to donate through their own companies and consider it as their private activity, not corporate.'



A generalised impulse to charity and volunteering – as opposed to giving for organised philanthropy – seems reasonably widespread. ‘More than half of the Russian people say they were ready to continue to help strangers (contributing money, clothes, food, possibly other items, or providing personal assistance). These are mostly higher-educated people, entrepreneurs, businessmen, managers and specialists of various kinds.

Almost every third person indicated they had participated in NGO activities, meetings and civic initiatives. 36% of the public would like to support NGOs and civic initiatives by donating money.’

### **The middle class, giving, and civic activism**

If philanthropy has only begun to increase in Russia, civic engagement and activism seems to have moved ahead more quickly. The same 2010 survey as interpreted by the Russian analysts showed that ‘every fifth Russian is ready to initiate a charitable organisation, or prepared to volunteer, or work for an organisation for money on a non-permanent basis, or take part in their activities.’

That spirit of civic engagement has increased substantially in the last several years, it appears:

‘Russia has seen an unprecedented upsurge of volunteerism and civic activism in 2010 and 2011. It has been a remarkable wave of a new type of civic activism enabled hugely by the Internet and not limited to protests or campaigns. Many meaningful, well-coordinated, informed, targeted, and strategic activities have resulted in early or promised long-term systemic changes. Civic initiatives took place in different spheres - environment protection, human and consumer rights, public participation in urban development, antidrug activity, public assistance, etc. Some of them received wide public support with large scale participation across the country.

They also received distinct recognition by the mass media and the general public. Some stakeholders hold that direct activism, formalised or non-formalised, is perhaps a narrow escape of civic concern of those young and middle aged Russians who have already accumulated relative wealth or have safe and sustainable livelihoods, have children, and now look for opportunities to create social value in this country where they plan to continue to live. These are groups who do not look at politics as the next ... option ... and at the same time they are looking for personal growth opportunities.

These men and women a) care about the overall social and economic environment, b) are prepared to defend their rights and achievements, c) are weary of the current ineffective policies and systems and want to see changes coming along earlier than promised. These are certainly middle class representatives who ... put their activism into forms and shapes independent of the core civil society and conventional philanthropic institutions.’

As one respondent to the Russian study put it, 'five years ago the group that one could call the middle class was concerned only with earning money, today – there is enough political frustration aided by the Internet. If oligarchs are not prepared to act, the middle class knows what it wants and is prepared to protect its rights. It is important to expand this stratum to arrive at some systemic changes; today it's still quite small....'

Many of these recent civic activists in Russia, not surprisingly, have come from the middle class. As in other countries, 'individuals who were behind these initiatives can be attributed to the core middle class being successful in their employment/owners of private business, middle-aged, and educated/intellectuals. They already accumulated relative wealth or have safe and sustainable livelihoods, have children, are prepared to defend their rights and gain more independence, and now look for opportunities to create social value. They are weary of the current ineffective policies and systems and want to see changes....'

The work of civic activism and the work of philanthropy seem to be in different streams. 'This civic activism has been extremely effective and seemed to be independent of the core civil society and conventional philanthropic institutions, hence enhancing their transformative power might be tricky.' Volunteering, closely related to civic activism, is on the rise as well. And so, at least in part, the task for philanthropy in Russia, at least vis-à-vis the middle class, may be 'to find creative ways of partnering with civic initiatives, supporting them, and learning from them as well.'

Yet, even among the relatively low giving, there have been changes on the philanthropic landscape as well. 'Over the ten years private philanthropy has transformed from an exceptional heroic act into something more habitual... it's become, more or less, a comfort zone for personal and civic initiative....' And yet much more is needed, 'many more transparent channels for immediate philanthropic engagement, many more and easy to navigate giving technologies, including electronic giving, and in general professionalising the field of philanthropy. Awareness of incentives, both tax and reputational, should be raised in the public perception and in real life to stimulate more participation.'

## Challenges for the future in the Russian context

The importance of linking what is working – increased civic activism and engagement – to what is only developing slowly – giving to organised philanthropy – seems clear. As the Russian analysts write, 'NGO leaders, when asked about future transformative philanthropy, indicate that Russia certainly needs more and more of civic initiatives of the middle class that have strong motivation, that can sustain the momentum and yield changes. There is little that existing philanthropic infrastructure and institutions can do to further these public initiatives, some of them quite amazing, except for finding creative ways of partnering with them without stifling their unique spirit. 'The more of these protests, the more critical the subject, the better – around a variety of issues and of different magnitude, on regular basis and well timed. They attract public attention. The prospect is promising,' one of the respondents suggested.' Linking those efforts to philanthropy might also be useful.



So in one sense, given the reasonable levels of charitable and volunteering spirit among Russians but the relatively low levels – it appears – of charitable giving, two priorities may emerge:

- Finding ways to link recent commitments to civic engagement and activism to increased giving over time, and
- Finding ways to gradually increase giving across the board rather than moving too quickly to a focus on either ‘strategic philanthropy’ or the ‘middle class.’

As the Russian analysts put it, ‘to gain some transformative power philanthropy of the middle class should simply grow its numbers – of participants, initiatives, and amounts of giving... To unlock the potential of the middle class it would call for many more transparent channels for immediate philanthropic engagement, many more and easy to navigate giving technologies, including streamlining electronic giving as a priority task.... Philanthropy should be recognised as a professional field.... Awareness of incentives, both tax and reputational, should be raised....’

# Themes across the resource papers – and in the area of middle class giving in the BRIC nations

Several themes emerge from these initial four resource papers on middle class philanthropy in Brazil, China, India, and Russia.

## **1. The lack of significant data on the middle class and on middle class giving, and the need for more data.**

Little research thus far, including the resource papers, provides real data on the scope of the middle class and its giving in these countries, making analysis and recommendations both very difficult and highly anecdotal. This is not surprising, since there has been very little previous research on middle class philanthropy in these countries.

## **2. The difficulty in differentiating ‘middle class philanthropy’ from other forms of giving by others in society.**

What makes ‘middle class giving’ different from other forms of giving? The resource papers give some hints – primarily in the area of methods of giving but we are left without answers to the key questions: Is the newer middle class giving to different causes? In different ways? For different motivations? Changing over time? Since this is a new research area, the resource papers only begin to address these issues, which other researchers will need to take up.

## **3. The problem of trust and the need for higher levels of accountability and transparency in the charitable community to encourage and sustain donation processes.**

This emerges as a constraint on giving, and confidence in giving, in each of the resource papers. Of course, issues of trust, accountability and transparency are not specific to the somewhat artificial category of ‘middle class giving.’ Yet they need to be further addressed in each of these countries and presumably in many others as well.

## **4. The continuing importance of policy and legal frameworks to encourage giving – all giving, not just from the middle class.**

Like the problem of trust, accountability and transparency, the need for better policy and legal frameworks emerges from each resource paper. And like other themes, more facilitative policy and legal frameworks would help to strengthen giving and non-profit service in general, not just among the ‘middle class.’

## **5. The growing importance of social innovation in the giving context, including new forms, structures, institutions and modes of philanthropy.**

Once again the use of new modes and forms of giving emerges in each of the four country contexts. And this may actually – though, again, the data isn’t there – be something more specific to middle class and wealthy donors. The anecdotal and very general indications in the resource papers are that the diversification of modes of giving encourages new and sustained giving, and while this remains to be tested much more rigorously it makes sense as a continuing hypothesis guiding conduct.

## **6. The need for more professionalised grantmaking, operations, monitoring, evaluation and other aspects of both the donation and service process, tied to issues of trust, accountability and transparency mentioned above.**

As a need, this emerges from each of the country resource papers as well, though it is not only or specifically tied to ‘middle class philanthropy.’

## Concluding thoughts

More broadly, we are left with the question of whether 'middle class philanthropy' is a useful analytical category with which to work. The question is complicated by the lack of real data in the current analyses of middle class giving. Without better data both on middle classes in the BRIC countries and on their giving, we are not in a good position to judge whether the theme and analysis of 'middle class giving' is particularly useful.

As an individual researcher in the area, I do not doubt that 'middle class giving' exists, and that it is growing, but I wonder whether it can be differentiated effectively – in philanthropic style and form, in the goals of philanthropy, in the relations between donors and recipients – from giving by other economic strata.

However, if there is a broader sense that this is an important category for analysis, surely we need better data, and a more consistent framework for cross-national analysis of the phenomenon – a considerably more rigorous research study that might actually result in clearer definitions of 'middle class' and 'middle class giving,' and some real comparability of data and interpretation.

The Bellagio Initiative and its resource papers on middle class philanthropy in Brazil, China, India and Russia have begun that process, identified themes, provided some initial thoughts, identified some data resources, and provoked discussion. If the theme of 'middle class philanthropy' is more broadly considered worthy of further research, then this process will hopefully have set the stage for rigorous, data-driven research in this area.

That data-driven research based on a common research protocol across countries would be one useful next step in this process if the theme of 'middle class philanthropy' is considered a useful theme for continued research and discussion.

# Resource Papers on Middle Class Philanthropy in Brazil, China, India and Russia

The resource papers below were prepared by their respective authors as identified and do not necessarily represent the views of the Resource Alliance, The Rockefeller Foundation or Professor Mark Sidel.

## Brazil

### Middle Class Philanthropy in Brazil

Marcos Kisil and Márcia Woods<sup>29</sup>

#### Introduction

Both terms, middle class and philanthropy, are elusive terms in the current Brazilian society. Firstly because there is some controversy about methods to identify who is part of the middle class; in this paper we are assuming the classification utilised by the Brazilian Bureau of Statistics (IBGE). With respect to the word philanthropy, in Portuguese, it is too linked with the word charity. However, it is not just the word, but the overall meaning that is linked to the assistance to the poor in a paternalist way. Thus, a concept is progressively spread to describe donors' contribution: private social investment. It will be explained in this paper.

The proposed study is organised around six main topics. They are:

#### **1. Clarification about terms such as charity, philanthropy and private social investment**

#### **2. Facts and statistics** about the middle class in Brazil, with a specific emphasis on its growth in the last decade

#### **3. The new middle class** that resulted from the recent economic boom, with attention to their values and understanding about their participation in society

#### **4. Middle class philanthropy:** the motivations and participation of donors in their own communities

#### **5. Philanthropy and community development**

explores the participation of civil society and donors in the process of development, and the way donors act in relationship with government

#### **6. Dimension of middle class philanthropy**

looks for the main results of different recent researches that point a better understanding and clarification about this, and what can be expected from middle class philanthropy in the future.

#### **Charity, philanthropy, and private social investment**

Brazilian giving is as old as the country. Brazil was colonised by Portuguese people who brought with them a strong influence of Catholicism. The very first NGO in the country was founded in 1564 as an Alms House. Since then, the evolution of giving in the country became linked with services provided by the church. More recently, in the last two decades, new terms were brought to describe the field that need to be clarified.

For Brazilian society, charity, religious in origin and traditional in method, was ameliorative in result; philanthropy, from the beginning of the industrial revolution held promise to be secular, enlightened, and innovative, supporting preventive and curative actions for the well-being of the individuals. Charity sought to relieve the needy; philanthropy rewarded the promising and aimed to discover a way to improve everybody's quality of life.

But, over the years, many, if not most, of these distinctions have faded, and charity and philanthropy have become more alike than different, gaining the same meaning. For Brazilians, their resources continue to support basic human needs, complementing or substituting the role of the government to the poor. Only in the last two decades a new concept took shape: private social investment. It is a way to say that givers should be investors, not in an economic sense, but in terms of social sense: society should change and profit in terms of benefits.

As with any investment, preliminary information should be gathered, opportunities should be identified, alternative models of intervention based on theories of change should be described, decisions should be made, goals should be set, monitoring and evaluation installed.

Additionally, the completed separation between government and non-governmental organisations also faded: the most prestigious public entities (educational, cultural, and health institutions) regularly appeal to the civil society for assistance in carrying out their missions even when partly or largely tax-supported, at same time that private non-profit organisations, created by civil society, receive part of their resources from government.

### Economic facts and statistics

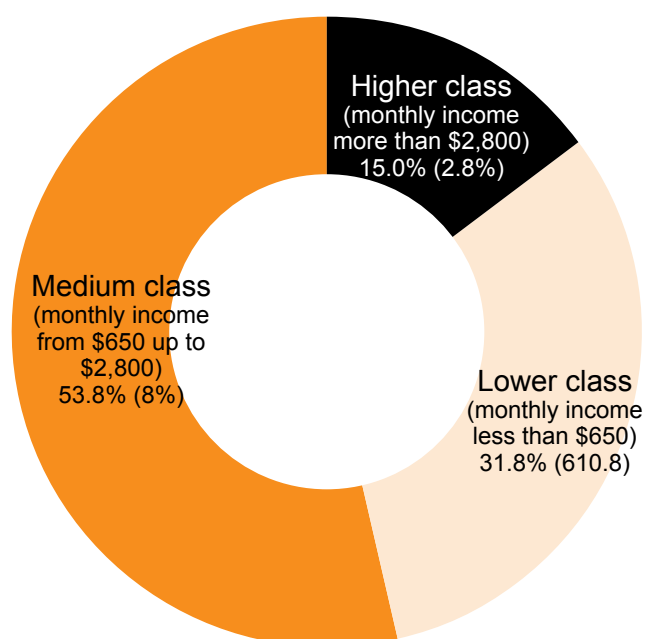
In the last decade Brazil has boomed. According to a recent study<sup>30</sup>, Brazilian income inequality is falling steadily. Between 2001 and 2009 per capita incomes of the richest 10%, grew 1.49% per year, while the incomes of the poorest 10% grew at 6.79% per year. As a consequence of continuous growth and decrease in inequality, there is also a constant fall in poverty rates. In 2003, Brazil had 49 million people in Class E according to the economic class classification that is used. In 2009, the poorest population dropped to 28.8 million. Also, while 64.1 million people belonged to middle class in 2003, or 37.56 % of the total population, and had a 37% share of national income, by 2010, 29 million entered in the Class C (middle class) in the same period of time, reaching now 94.9 million people, or 50.5% of the total population, absorbing 46% of the country's national income. This is more than classes A and B together (44%).

This is a direct result of a stronger economy. Following are some facts about the impact on people's incomes and spending.

- 58.6 million people had access to the Internet in 2011, 23% more than in 2010
- Between 2002 to 2008, the number of credit cards rose by 91% to 79 million. Accounting to one in every 2.3 people.
- In 2012 car sales soared 12.4%
- Brazil's rapidly growing pet-product market was worth \$4.1 billion in 2009, second only to the United States.
- Mortgage lending rose 26.5% in the 12 months to May 2011, while overall credit amounted to 36.5% of gross domestic product. Individual default rates have been relatively stable, reaching 7.27% in May of this year, compared to 5.95% in the same month of 2001.

Graphic 1 shows the progressive expansion of middle class.

### Brazilian demography – middle class is majority



One basic question for the overall Brazilian society, and for public authorities is: how sustainable is this inclusive growth process?

In addressing the question, one of the key features of the present boom is the generation of a growing number of formal jobs, which doubled after 2004. Month after month Brazil is breaking the record for the creation of formal jobs. In the first eight months of 2010 alone, 1.9 million new jobs were created. It is true that the Brazilian growth rates lag behind those of other BRIC countries, especially China. However, Brazilian quality of growth is arguably better in several aspects: better treatment of the environment and of labour coupled with rising equality.

Another interesting aspect is that among Brazilians many of the main problems were of a collective nature such as inflation, informality and inequality, which are not in the present time. Also, Brazilian changes are creating a more equitable distribution of growth among the different regions, especially in the North Eastern, the traditional backyard of under-development. Also, employment has been created in the different sectors of the economy, ranging from the most technologically advanced areas of São Paulo, to the agribusiness in the central part of the country.

Such growth of opportunities also brought an important gain in the years of education of the overall population resulting in a more informed, articulated, and participatory presence of workers in the Brazilian society. This also explains election of Mr Lula from the Workers Party as a President for two terms, and the election of Ms Rousseff, from the same party, as the first woman President.

Brazil still faces many obstacles to become a more just and sustainable society, but the recent progress in this direction represents a gain that will permit a better vision of how to guarantee a better future.

### **The new middle class**

Largely the new middle class in Brazil is a much different middle class than an American or European one. With monthly salaries between 1,000 and 4,000 Reais, or US\$631 and US\$2,526, income is just one facet that defines this new mass of consumers. In fact, identity is at the heart of the evolving socioeconomic spectrum in Brazil, as Brazilians try to redefine themselves within a rapidly changing country.

Defining who qualifies as middle class not only depends on the source, but even Brazilians themselves can't seem to decide. According to a recent survey by Data Popular, only a third of those who are considered in the C Class defined themselves as middle class; the other two-thirds defined themselves as 'lower income or poor.' While most low-income workers defined themselves as such, 55% the upper class defined themselves as middle class.<sup>31</sup>

There is also a shift in the understanding from the traditional middle class to the new middle class. The traditional middle class sees themselves closer to upper class than working class. They are educated professionals who own their homes or rent relatively expensive real estate, who pay for private health care and education, take international vacations, buy name brand clothing, have a full-time maid, and maybe own or rent a second home in the mountains or at the beach.

It's a group with disposable income, but one with a heavy tax burden. They tend to be sophisticated and worldly; they likely speak another language, at least at a basic level. The new middle class, on the other hand, has lower level of education, and tends to be first-time homeowners; they may be taking their first trip or vacation, and buying their first washing machines or flat screen TVs. They might send their children to public school, or if they can afford it, to less expensive private schools. They tend to be newer to technology and the Internet, and they're far less likely to speak another language.



In addition, according to one of the most comprehensive studies on the new middle class by Professor Marcelo Neri at the Fundação Getúlio Vargas, cited early in this document, incomes have grown faster and by larger amounts for the least educated members of society, while in some cases salaries have actually decreased among the more educated. Coupled with the shrinking of family size (from 6.1 children to 1.9 children per family), what we have is a real increased wealth for middle class families.

Finally, it's important to understand the financial limitations of both the new and traditional middle classes: namely, a high tax burden because of increased income, fear of the return of inflation, and a rising cost of living especially in urban areas that are offering new opportunities of employment, all of which reduces purchasing power and increases consumer debt. This week, UBS released its cost of living study, which showed that despite rising salaries, Brazilian purchasing power has actually declined. It is now as expensive to live in São Paulo as it is to live in New York, but salaries in São Paulo are 61% less than in New York. Similarly, the cost of living in Rio is amongst the highest in the hemisphere, but Rio salaries are 66 % less than New York salaries.<sup>32</sup>

In summary, based on their own experience and studies of IDIS, the new middle class is still linked to the prevalent values of the working class, having a better understanding of:

- Present and current problems of society
- Circumstances and problems closer where they live and work
- Effects of the problems rather than the causes of social and environmental problems
- Accepting and adopting the importance of social assistance rather than to understand the importance of developmental policies
- Urban rather than rural problems.

## The middle class and philanthropy

For this group charity is still the prevalent form of philanthropy, having the church and community organisations as the main recipients of their giving. And, in Brazil, as in any other BRIC countries, the contribution of the working class is likely to be undervalued, for so much of it is informal and unrecorded, unostentatious and uncelebrated ways of giving.

Brazil does not have an official data collection of individual giving. As a result what we learn it is from different surveys. They all validate a quotation from Friedrich Engels<sup>33</sup>:

'although the workers cannot really afford to give charity ... they are nevertheless more charitable in every way.'

Working-class charity takes various forms, from assisting neighbours during an emergency to founding a local voluntary agency to address local needs. Those charities are well-linked with the influence of the Catholic Church since the discovery and colonial years, and more recently with the New Pentecostal Churches. It is a moral obligation based on Christian creed. Giving is an expected attitude from a true believer. The respectable working class, often identified with church, was particularly noticeable in their inner circle in its charitable activity. In other words, the preferred locale to give is the donor's own community. In some sense, the donor and the gift become known in the community, generating a passport to social status and social integration, with gains in respectability and self-esteem.

Another aspect of giving that should be valued is the volunteer participation of middle class. They offer time and technical expertise that they have gained through education, and the experience in their working place. They serve on boards, use their skills in general administration and fundraising, or delivering human services, or building or maintaining physical facilities at the community level. The value of volunteer work is also an important element in building a strong civil society, as part of a democratic and sustainable society.<sup>34</sup>



In some way, in the context of the political transformation taking place in Brazil, the view that charitable work represented a 'nursery school of democracy' represents another valuable gain to the society. This aspect is important for a country that lived under military dictatorship until 1985, when all decisions were centralised at the Federal level, with a poor participation of local citizens in the destiny of their communities. In some way, local giving is stimulating a growing participation of citizens in the development of their communities.

### **Middle class philanthropy and community development**

Once the new middle class is concerned with their own communities, it is important to see how they contribute to community development. On average, prosperity grows, but this is accompanied by inequalities in income and opportunity, once not all people reach the same successes. Scores of issues attract public concern yet most people feel that they have little influence over the decisions that affect their lives, and this is particularly acute in disadvantaged areas. All this means that we are living in a society that urgently needs better means of participation. It also means that some people benefit far less than others from prosperity and democracy, in which poverty persists.

Community development should be taken as a structured intervention that gives communities greater control over the conditions that affect their lives. In a sense, community development works at the level of local groups and organisations, which themselves agree to this process<sup>35</sup>. In summary, community development in Brazil is concerned with:

- The issues of powerlessness and disadvantage: as such it should involve a complex and continuous process of inclusion from an important share of the population, and as a consequence it offers a wide range of opportunities for the participation of middle class as givers or volunteers
- The active involvement of people in the issues which affect their lives leads to a participatory process based on the sharing of power, skills, knowledge and experience
- Because it is a collective process, the experience of the participants enhances the participation of each individual who is involved
- It seeks to enable individuals and communities to grow and change according to their own needs and priorities, and at their own pace, provided this does not oppress other groups and communities, or damage the environment.

As a consequence, local philanthropy is to give greater attention to develop the power, skills, knowledge and experience of people as individuals and in groups, thus enabling them to undertake initiatives of their own to combat social, economic, political and environmental problems, and enabling them to fully participate in a truly democratic process.

Based on such understanding, the importance of local philanthropy becomes clear as an important element for community development, and middle class is paramount in bringing volunteer work and money underpinning efforts of government, civil society and business.

### **Dimensions of middle class philanthropy**

In a recent ChildFund study, with the technical support of R Garber,<sup>36</sup> it is possible to identify the key features involving middle class philanthropy in Brazil. The study is based on public data from IBGE (National Bureau of Statistics) collected between 2003 and 2010.

Main findings of the study:

- Brazilian individual donors represent 9% of the population (17 million out of 190 million)
- Total given in 2010 by individuals is R\$ 5.2 billion ( US\$ 3 billion)
- 7% of the donors belong to the wealthiest class (Class A), but they are only responsible for two third of the donations

- There is a paradox between the giving of Class A and Class E (the poorest class): while Class A gives 0.4% of their annual income, Class E gives 5.4%
- Between 2003 and 2010, the number of donors in the middle class (Class C) grew 10%, with an average decrease of 13% in Class A and 5% in Class B.

IDIS has given attention to the profile of community donors based on municipalities that decided to adopt a CPO model (Community Philanthropy Organisation). A CPO is a revised version of the traditional community foundation. A key difference is that it is not itself a grant-maker. CPOs do not gather or distribute funds but act as a broker and catalyst for all parties in the community that have funds or influence or other resources. The CPO for a community can be an existing civil society organisation, or a family or corporate foundation that assumes the role of a facilitator of community dialogue, and acts as a broker, directing donors directly to the organisations that will be supported by them.

The model is flexible enough to accommodate local needs and circumstances. Each donor retains the responsibility for the quality of their giving, but on the understanding that it is the community that identifies needs, and that monitors the results and impact.

A study by IDIS<sup>37</sup> on the profile of the community donors that are involved with CPOs shows the importance of technical assistance and support to motivate and increase local philanthropy. Some findings are:

- After two years, the number of donors grew 74%
- The main recipient of donation is still church, with 52%
- 92% of donors give to their own communities.

Evidence from different studies also show that donations go to basic human services complementing or substituting government assistance. Donors see education and support to economic opportunities for women as the main contribution to community development. Environment issues are still an area with little attention by donors. Children and youth are the preferential age groups as recipients of donations.

## Conclusion

The growth of the middle class in Brazil impacts a full array of areas such as education, housing, transportation and leisure as part of their expenditures. But, it also impacts the giving sector once they acquire bigger participation in community affairs, and in the quality of life where they live and work.

Middle class, in gaining power and presence in the Brazilian society, is also acquiring a political role as part of a democratic society. Not only electing representatives of the working class, but in engaging in civil society organisations that demand changes and lobby government and business for social and environmental causes. They are progressively occupying a prominent role in community development once they move their focus from charity to a social investment approach.

The recent decades show that vertical class mobilisation with the transferring of wealth is possible in a democratic society. Changes are still required that could make Brazil a more just and sustainable society, but it seems that the route to it was found, and the middle class are becoming the major players in it.

## China

中产阶级捐赠主体意识的觉醒与中国慈善的未来

### **The Awakening of Subjective Consciousness of Middle Class Philanthropy and the Future of Philanthropy in China**

北京师范大学壹基金公益研究院 王振耀

**Wang Zhenyao**

One Foundation Philanthropy Research Institute  
at Beijing Normal University

In the summer of 2011, China witnessed the awakening of subjective consciousness of middle class philanthropy, a most momentous social event that directly drove the cause of philanthropy in China onto a new path of development. The historical progress of wealth being used for charity in China, with a recent display of its striking features, has reached a significant milestone in its development.

### **The firestorm of public doubt in philanthropy triggered by the Guo Meimei Scandal and the awakening of subjective consciousness of benefactors**

The Guo Meimei Scandal started from an accidental episode: a young girl flaunting her luxurious lifestyle on Sina Weibo, China's largest micro-blogging website, claimed to be 'the Commercial General Manager of Red Cross Society of China', which started a firestorm of indignation and doubt amongst the public.

What concerns the public most is to what ends social donations are used – are they exploited by some people to finance commercial activities for their own profit? At first, the public only called in to question the individual conduct of Guo Meimei, but soon they began to question the level of information transparency in public fundraising organisations.

Noticeably, the preliminary inquiry was carried out mainly among the online micro-blogging community, followed by public media and state-run media that began to investigate the scandal thoroughly. Together people tried to uncover the truth and discussed the reform of philanthropy in China.

In China's mobilisation system of philanthropy, the fundraising activities are mainly initiated by the government, and then social donations would go to government organised charities. The distrust in government organised charitable organisations represented by Red Cross Society of China has reflected the widespread criticism towards the public administration of government.

The public distrust is drawn from a very simple question: why do we have no idea where our donations ended up? Can the Red Cross explain and clarify this? Apparently, to answer this question, all public foundations, represented by Red Cross Society of China, have to make profound transformations in their administration, which is by no means an easy task that can be accomplished overnight.

As a result, the credibility of public foundations has been greatly impaired. According to preliminary statistics of the amount of donations in the first half of 2011 released by Beijing Municipal Bureau of Civil Affairs, after the Guo Meimei Scandal, donations to Beijing plummeted 'by more than 10% compared with the same period of last year'. In fact, this drop stands for a common trend on a nationwide scale.

The Guo Meimei Scandal has awakened the subjective consciousness of the public, especially middle class benefactors in China. In China's charity system, mobilised philanthropy has long been the mainstay characterised by government control – the government not only initiates charity collection, but also acts as the organiser, receiver, and distributor of donations. It can be said that social giving has become a key component of the mobilisation system.

Due to the impact of the mobilisation system, the general public has established a passive philanthropy tradition, that is, they wouldn't give donations until the government appeals to them. This tradition has three distinct characteristics.

First, the government would only organise fundraising activities after a major natural disaster strikes; in other words, they prefer to provide relief in the case of an emergency rather than solve long-lasting poverty, which actually has been instilled into the state of mind of the general public.

Second, the government always puts two state-run charities on the front lines of philanthropy drives – Red Cross Society of China and the China Charity Federation, by publicising the bank account numbers of the two organisations and asking people to give disaster relief donations to them. The two organisations are in charge of allocation and distribution of all social giving.

Third, non-governmental organisations in most cases cannot carry out relief effort directly, nor can they raise money from the public. From the analysis above, we can tell that in China's charity collection system, foundations are divided into two types – public foundations that can raise funds from the public and private foundations that are not allowed to raise funds from the public.

Given the public or private properties of various foundations and non-governmental organisations, political security always takes priority in China, as evidenced by the regulation that every foundation or NGO is required to get affiliated to a governmental department as its supervisor. In this way, each NGO and foundation has become a division under the government. In such an administrative system, public donations are deemed as an act in response to the government's appeal.

In this context, the continuing doubt about public charities between June and September 2011 is de facto distrust in the government's public administration. Meanwhile a most simple logic has been unveiled by the general public: only when public foundations rely on social giving instead of government's authorisation to operate can the public truly decide the future of these organisations. The public indifference towards fundraising activities held by such organisations has developed into an involuntary collective non-cooperation. People have realised that benefactors have the decisive right to vote.

Indeed, modern philanthropy in China is undergoing a special stage of development. The outburst of subjective consciousness of public benefactors in fact lays a fundamental psychological basis for modern philanthropy. As a major turning point in the development of China's philanthropy, it helps re-construct the subjective consciousness of middle class philanthropy.

## **The historical development of middle class giving and the potential for giving in Chinese society**

During the development of China's philanthropy, the Chinese middle class, mainly composed of entrepreneurs, have played a major role. Many local enterprises act as spearheads in routinely recurring donations. With the rapid development of China's economy, especially after China's GDP per capita exceeded 3,000 USD in 2008, the middle class is playing an increasingly important role in the campaign of philanthropy.

China's middle class represented by entrepreneurs have undergone three stages of development in terms of their engagement in philanthropy, especially in giving.

The first stage is before 2004. In this stage, the middle class mainly engaged in philanthropy in a grateful response to the government's appeal. At that time, the Chinese government did not hold an entirely positive attitude towards philanthropy. Moreover, with the absence of an open registration regulation for foundations, the middle class were unable to register their own foundations in a time when charitable organisations were not yet divided into public charities and private foundations. Consequently, the only channel to make donations is to donate to the government directly or to the state-run foundations. Many private enterprises owed their accumulated wealth to the Reform and Opening Up policy, thus expressing their gratitude toward the Communist Party of China (CPC) and the government by way of eager response to the government's appeal.

The second stage is between year 2004 and 2007. During this period, the Chinese middle class began to take the initiative to engage in charity. Thanks to the adoption of a new law that legitimized the establishment of private foundations, the middle class could set up their own foundations where they could play a decisive role. In other words, they could step up China's philanthropy by voluntarily making use of their own wealth.

After 2004, CPC made it clear that the government would support the development of philanthropy. Henceforth, the registered private foundations amounted to 253 in 2005, 349 in 2006, and 436 in 2007, with an increase of nearly 100 per year.

The third stage starts from 2008 when the subjective consciousness of middle class gradually took shape. They gradually take more initiative to establish private foundations, the number of which increased to 643 in 2008, an increase of 200 within one year alone. This showed the growing social impact of middle class philanthropy. In 2009, there were 846 private foundations; in 2010, the figure amounted to 1101, which soared to 1283 by 22 October 2011. That is to say, after 2008, the number of foundations has kept growing with an annual increase of over 200, double the rate of a few years earlier.

Four prominent characteristics are present in the Chinese middle class philanthropy:

First, it is developing step by step in a growing scale. In the overall trend, it has transformed from the marginalised passive submission to the government's appeal to voluntarily playing a key role in philanthropy, which marks a historical turning point.

Second, the middle class dare not openly engage in philanthropy for fear of public scrutiny in their past wrongdoings. In China, there exists a prevalent ideology to eliminate capitalism with a belief that private ownership of property is the root of all evil. Although the Reform and Opening Up has in practice acquiesced the legitimacy of capitalism that is no longer banned by policy, nevertheless, this ideology in theory is still reiterated in students' textbooks. In such a social context, many entrepreneurs, who availed themselves of loopholes in law when they first started their business, dare not give donations now, for fear that their improper past behaviours will be investigated if they openly engage in philanthropy. Even worse, some of them would rather transfer their assets abroad than make donations, so as to ensure the safety of their money.



Third, the middle class are not good at running modern charitable organisations due to the lack of a modern perception of philanthropy. In China, there is a long-held tradition of managing the state affairs with moral principles in a patriarchal system, which resulted in a weak basis of social ethics. It follows that the philanthropy in China has become a sacrificial altar where a special moral standard predominates, that is, its practitioners are not allowed the same basic living standard as ordinary people. When the middle class engage in philanthropy, bound by such a moral standard, they are not good at establishing charitable organisations and always fail to run programmes efficiently.

Fourth, they are relatively close-minded due to the absence of sufficient international communication. In Chinese society, the government tends to take charge of all social affairs and does not allow people to carry out diversified autonomy by themselves. The government's social policy has imposed a tight restriction upon social organisations. In addition, because of the impact of the Colour Revolutions in Eastern Europe, people have kept their guard up against foreign social organisations. The two factors combined have resulted in the lack of frequent interaction between Chinese social organisations and their foreign counterparts, which further adds to the closed-mindedness of middle class engaging in philanthropy and their lack of systematic knowledge about international rules.

How great is the potential for giving of the middle class in China? According to 2010 Hurun Wealth Report, there are 55,000 super-rich individuals, defined as those with RMB 100 million (about USD 16 million). Amongst them, 1900 have RMB 1 billion (about USD 160 million) and 140 have RMB 10 billion (about USD 1.6 billion). Assume that each super-rich individual donates RMB 1 million (about USD 160, 000), there will be RMB 55 billion (about USD 8.7 billion) worth of donations.

Similar reports on the wealth of the middle class in China have revealed their potential for giving. According to the 2011 China Private Wealth Report published by China Merchants Bank and Bain & Company, in 2010, there were 500,000 high-net-worth individuals in China with investable assets exceeding RMB 50 million (about USD 8 million), a 22% increase since 2009. Likewise, according to a report issued by the Boston Consulting Group (BCG) in November 2011, the population of China's Middle-Class and Affluent Consumers (MACs, defined as those with monthly income of over RMB 5,000, or USD 1600) will increase from 150 million to more than 400 million over the next decade<sup>38</sup>. If each one of these wealthy people donates RMB 100 (about USD 16) per year, the annual giving will amount to RMB tens of billions.

On the other hand, China is a large country with a population of 1.3 billion. If each Chinese donates RMB 100 (about USD 16) per year, the annual giving will amount to RMB 130 billion (about USD 20 billion).

Either way, the annual amount of donations in China is likely to fall into the range between RMB 200 billion and 300 billion (about USD 31 billion and 47 billion), which demonstrates the great potential for giving of Chinese society.

### **The ways middle class donations can shape the future of China's philanthropy**

China's philanthropy is undergoing a drastic transformation. A pressing issue is to rebuild it with modern philanthropy systems and approaches, compelled by the heated discussion among the public in 2011 and the failure of public charity collection in the current mobilisation system. Admittedly, the problems in China bear unique Chinese characteristics. Therefore it would not fit well in China if we completely borrow from the international approach.

At present, the biggest challenge faced by China's philanthropy is how to establish a proper system and social environment suitable to the status quo in China so that the middle class can engage in charity without encountering too many obstacles. In a sense, the future development of China's philanthropy is in the hands of the middle class; it will be a decisive factor how their ways of giving will change and to what extent.

Unlike many countries, there exist very unique hidden rules in China's political, economic, and social structures. The expression of public opinions cannot be realised via the Western system and channel. The 'mass sentiment' is an accumulation and integration of multiple opinions combined. Oftentimes, an extreme sentiment tends to prevail, which would constantly affect the philanthropic deeds of the general public.

In the Information Age, the expression of the 'mass sentiment' has become more direct. Without an open mechanism to express public opinions and appease their sentiment in the current social conditions, some extreme opinions would always propagate quickly and affect the public sentiment. Against this backdrop, due to its non-political property, philanthropy has become a forum for the press to voice different opinions. With the rising disaccord between the rich and the poor, the resentment towards the wealthy class is channelled through various ways. A most obvious case in point, magnates who are enthusiastic about donations are always under rigorous scrutiny by the public keen to dig into their misbehaviours at the beginning of their businesses. A very peculiar chain of reasoning can be found in the Chinese society: 'we can condemn anyone even if we haven't donated a single penny: if a rich person makes large donations, he must be putting on a show to seek publicity; if his/her giving are not substantial enough, he/she must be close-fisted; if he/she does not donate in time, it must be a donation fraud.'

A rather interesting social phenomenon has emerged in China. On the one hand, the middle class giving involuntarily falls under the influence of public sentiment, especially negative attitude in society. This is because people have become more rational in terms of giving. They believe it is safer not to donate than have their donations appropriated illegally. Naturally the donations are on the decrease.

However, on the other hand, some middle class insistent on advancing philanthropy bear a steadfast sense of mission. Taking public distrust as a driving force to propel the development of private foundations, they are enthusiastic to set up family or entrepreneurial foundations and launch influential charitable programmes. Currently China is in such a special period of development.

Noticeably, several special philanthropic cases occur in 2011. The first case is the establishment of Heren Foundation started up by Mr Dewang Cao, the most famous automobile glass manufacturer in China. Mr Cao donated RMB 3.6 billion (USD 538 million) worth of shares to establish Heren Foundation, spearheading donations of large equities. Henceforward China's philanthropy was connected with the financial community.

The second case, Amway established the Amway Charity Foundation in China, which is the first foundation registered in China by a transnational corporation. This reflects the open trend of China's philanthropy.

Third, Jet Li One Foundation, a renowned private foundation founded by Jet Li, was registered as a public charity (foundation) in Shenzhen, i.e., One Foundation. This foundation is initiated by the joint efforts of many billionaires, displaying the trend of integrated donations of wealthy people and ordinary people.



The fourth case is the unsubtle way of giving made by tycoon Chen Guangbiao. He always gives donations straight to a poverty-stricken community by way of many unexpected acts, such as bringing thousands of pigs and sheep to hold a concert. His unorthodox way of giving is a departure from traditional practice, which has caused great sensation in China.

Fifth, Hainan Airlines (HNA) founded the Hainan Liberation Commonwealth Foundation. 7 board members of HNA agreed to donate all their shares to the Foundation in the future. This is no doubt a great deed of all-out donations, despite its low profile.

All the cases above serve to demonstrate that the middle class giving in China begins to take on prominent characters. They have developed a clear subjective consciousness and have laid out the future development of China's philanthropy. In a word, they no longer passively donate, but instead, they begin to exert great philanthropic impact on society by means of creative and unique ways of giving.

What will be the future development of China's philanthropy? It will be shaped by middle class giving.

## India

### Middle Class Philanthropy in India

Nirja Mattoo

Chairperson, Centre for Development of Corporate Citizenship, S.P. Jain Institute of Management & Research (SPJIMR) Mumbai

Philanthropy in India is largely characterised by the middle class. They are an emerging class of people in India and will comprise half of the Indian population by 2016. The middle class contributed to 0.6% of GDP in 2010. This segment is steady with their donations and is committed to the cause. They are motivated to give and their interest in philanthropy is sustainable over the long run.

The middle class will be the main source of philanthropy in the future and organisations should focus on this market for charity as there is steady, continuous contribution from them towards societal development, particularly in areas of child care and youth. Charities should seek to work together with major corporations to target middle class donations as they present significant opportunities for their growth.

In engaging this new segment of middle class donors, it is important that accountability and transparency on the use of funds is high. Organisations should also seek to engage the donors meaningfully by showing them the benefits that they have created from their work. Besides from contributing funds, offering these donors a chance to contribute to the cause using their skill sets would also be a viable alternative.

Based on these findings, the paper also presents various recommendations that charities should adopt when seeking for donations. Philanthropy cannot be merely about an issue of conscience and solely about giving for the sake of it. Philanthropy should seek to involve the individual in greater ways which will then allow us to move past merely giving monetary donations to deliver help to those in need. By reaching out to and leveraging on the strengths of each individual we can then seek to attain a society where philanthropy will be a way of life, rather than an obligation.

### Philanthropy – the Indian way

In India, philanthropy has been a way of life, ingrained in the roots and culture of Indian society. Although Hinduism, unlike Christianity, Sikhism, Jainism and Islam, does not resonate a mechanism of giving in scriptures, socially and culturally it has been a part of Hindu values and often practised as a part of the religion. To attain eventual Moksha, Daana (Giving) and Seva (Service) has been an integral part of the Indian Philosophy and people donate at holy places, temples and religious functions.

Besides individuals' donations, trust and foundations like Tata, Birla, Mahindra, and others were established for the purpose of social welfare and community development.

With the process of liberalisation in 1990, charities in India became more organised and strategic both at the individual and corporation level. Government with its welfare schemes had resources and scale but inadequate in its innovative approach to reach out to the people in need. This paved way to the individuals, social leaders, social entrepreneurs and corporates to bridge the gaps between rich and poor, comprising of three major stakeholders—donors, supporting networks and charitable organisations or grassroots non-profits.

- **Donors:** Include individuals, corporations and governments – both central and state – that donate money either directly to charities or to support charitable organisations

- **Supporting networks:** These are global operations these support networks are not very prevalent in India and not on a large scale. This is why so many donors give directly to grassroots-based non-profits
- **Charity organisations or grassroots non-profits:** These disburse donations as part of their charitable activities.

The main types of donors are:

- **Individuals:** These include Indian nationals, non-resident Indians (NRIs), or citizens of other countries with ethnic or emotional links to India. They range from small one-off donors to major philanthropists
- **Trusts and foundations:** India-based and overseas organisations (although the bigger international foundations, such as the Ford Foundation, the Bill and Melinda Gates Foundation and the Michael and Susan Dell Foundation have offices in India). International non-Governmental Organisations (INGOs), such as CARE India, Oxfam India and Plan India can also be seen in part as specialist foundations, as they fund Indian partners to deliver programmes
- **Corporate:** The growing global trend for corporate social responsibility initiatives has coincided with the expansion of the indigenous private sector and an increased presence of multinational corporations in India.

Individual and corporate donations make up 10% of charitable giving in India.

### The current scenario in India

The Synovate survey reveals that most of the urban public chooses to give their charitable donations to charities as they trust them to use their money on their behalf. Still contribution to social welfare is much higher than cash donations; more than 50% of the people would give either their time or goods for charity. The number one cause in all BRIC countries, including India, is **child care and youth**. By giving to children they are investing in the future of the nation.

Religious giving is still very high, but there is a shift towards local organisations that are more closely linked into the community, and as local organisation understand the issues better. Charitable giving to local organisations that implement programme work themselves is very large in India (no revenue data available). These organisations have a competitive advantage towards international NGOs because they have lower cost and own the programmes themselves. The radius of their fundraising activities is mainly towards the community that is very close to their programme work. Some of these local organisations get funding from the organisations (e.g. Mobile Creches and Child Line supported by Plan India) to build their adequate fundraising capacity.

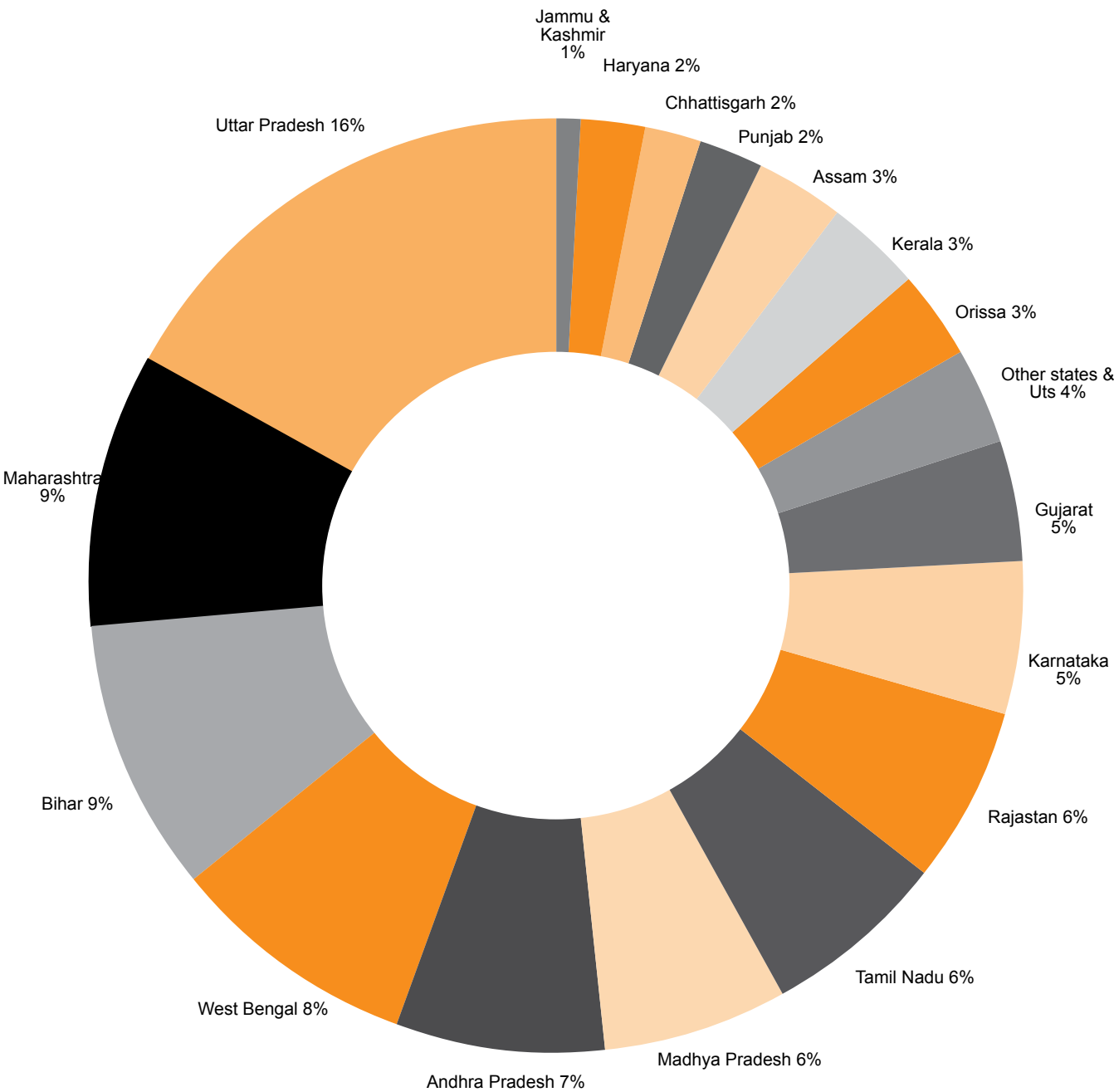
### **Demographic situation**

India is ranked (in USD) as the 12th largest economy in the world. It has known high GDP growth of on an average 7% since 1997 (8.5% in 2006 – 9.0% in 2007 and 7.3% in 2008). This helped to reduce poverty by about 10%.<sup>39</sup>

The major source of economic growth is the service sector; it accounts for more than 53.7% of India's GDP but only requires 28% of India's labour force. The reason why India is not hit as hard as other Asian or Eastern European countries is the fact that it relies less on foreign capital: its gross saving rate reached 37.7% of GDP in the past fiscal year.<sup>40</sup> This leaves the Indian banks (of which many are still government owned) in a stronger position. (The Economist)

Box 1: Population of India

Share of major states in total country's population



## India's population at a glance

The total Indian population (2009 estimations) is about 1,166,079,217. India has a relatively young population with a median age of 25.3 years (31.1% younger than 15, only 5.3% older than 65 and the bulk being in the middle, aged 15 to 64). With a relatively young population it also means that consumers are young. 70% of the country's citizens are below the age of 36, and half of those are under 18 years of age.

India's population is also relatively urbanised, almost a third (29%) of the total population (which means almost 340 million people) live in the urban areas. 70% live in rural areas. In terms of households 30% (61.4 million) live in urban areas.

Investigating projections to 2020, it is clear that due to a slowdown in birth rates the segment of young Indians (aged 14 or younger) will only grow at an annual rate of 0.15% while the older age group of 65+ will grow.

Almost half of the high to middle-income Indians who support religious organisations do not support other voluntary organisations.

All this tells us is that India has a lot of money that could be used to try to make a difference and there is scope for it to grow, both from within India and from abroad.

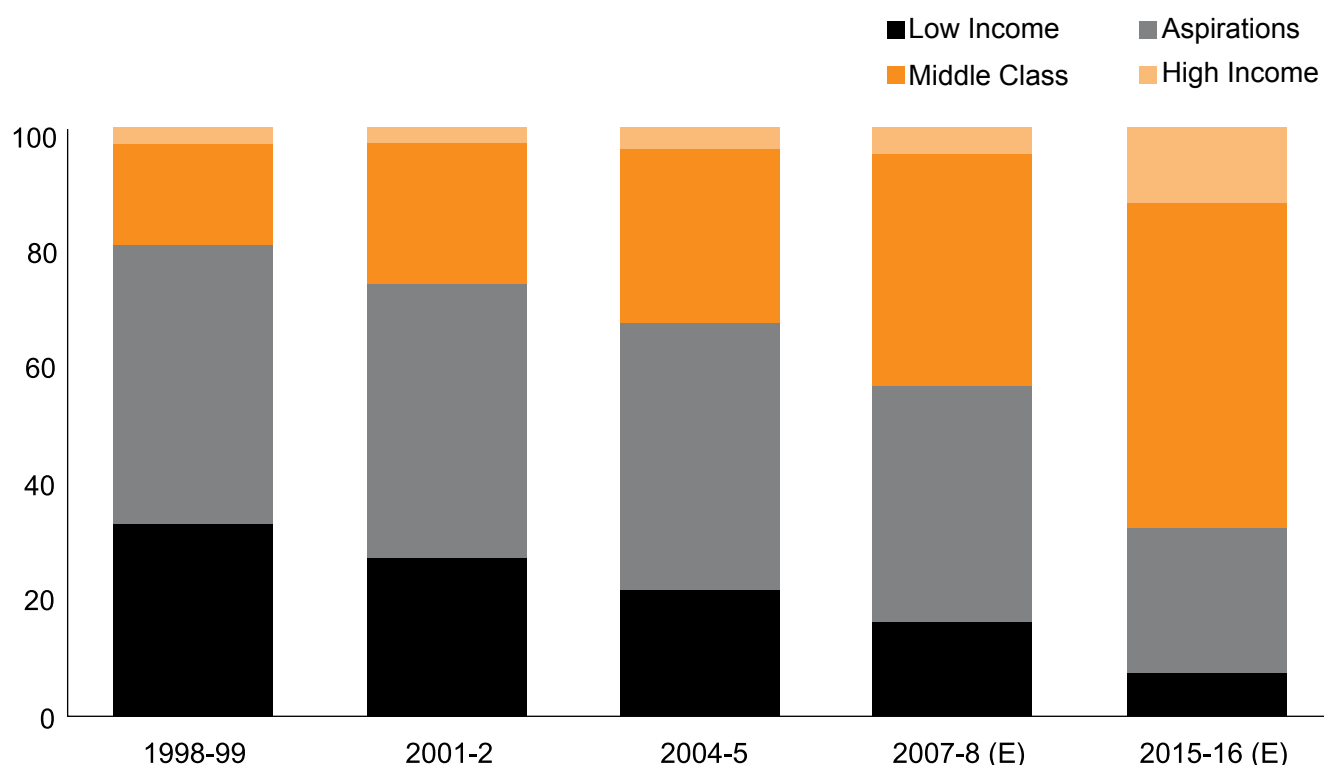
## Social hierarchy

The Household Investors Survey covered 1,463 households in middle and upper-middle classes across many cities/towns in different states and provides insights in profiles by monthly household incomes and age of household head.

### Profile of middle and upper-middle households (Source: Household Investors Survey)

Monthly income (INR)	%
Up to 10,000	17
10,001 – 15,000	19.5
15,001 – 20,000	21.6
20,001 – 30,000	18.6
Over 30,000	23.1
Age Head Household	%
Up to 30yrs	20.5
31-40	26.9
41-50	25
51-60	18.3
61-65	4.1
66+	5

## Box 2: Profile of Indian population by social class



Household income can also be examined in geographical distribution. The 2008 NCAER National Survey of Household Income and Expenditure identifies 20 key cities and groups and categorises them in three key segments:

1. **Megacities** (Mumbai, Delhi, Kolkata, Chennai, Bangalore, Hyderabad, Ahmedabad, Pune): They are the largest population centres but also the largest markets in terms of household income and total consumption expenditure

2. **Boomtowns** (Surat, Kanpur, Jaipur, Lucknow, Nagpur, Bhopal, Coimbatore): Emerging cities that have younger populations and the fastest growth in terms of disposable income

3. **Niche Cities** (Faridabad, Amritsar, Ludhiana, Chandigarh, Jalandhar): They are smaller in terms of population but are above weight in terms of spending per household (household expenditure is almost the same as in megacities).

Boomtowns and niche cities had a household income growth of 11.2% between 2005 and 2008, which will decelerate gradually to a 10.1% growth rate through 2016.

### Middle class giving in India

Indian values and philanthropy have always gone hand in hand. India being a very diverse nation has various interpretations of charity and philanthropy. However, one thing is common: middle class drives philanthropy in the country.

There is no official definition of the middle class in India. The middle class not only represents an income group, but also a political and social class and a consumer market. Thus, quantifying this demographic group can yield varying results. A McKinsey Global Institute study using National Council of Applied Economic Research (NCAER) data said 50 million people belonged to this group in 2005, if using the definition of real annual household disposable incomes between 200,000 and 1 million rupees.

Another method employed by CNN-IBN in its middle class survey utilised a consumption-based criterion. The survey looked at whether a household owned a car or scooter, colour television, and estimated that the middle class equated approximately 20% of the population or slightly over 200 million people.



Studies have also shown that as income increases, a smaller percentage of it is spent on necessities such as food and more is spent on optional items.

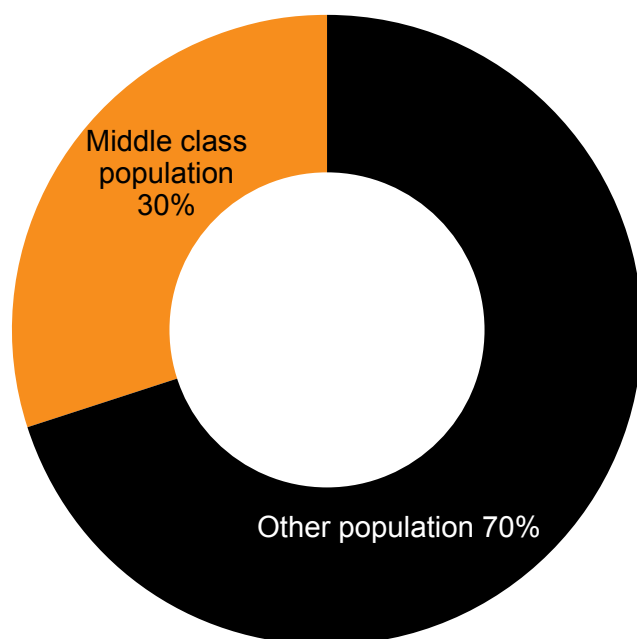
A study conducted by Sampradaan Indian Centre for Philanthropy (SICP) indicated that 96% of upper and middle class households in urban areas donate for a charitable purpose. In addition to this, the contribution by the middle class has shot up by 20% in the last five years. This translates to contribution of 10 crore rupees by the 'critical' middle class folk.

The middle class and philanthropy have a long history. There are many reasons as to why a person earning roughly between 15,000 to 40,000 rupees a month would want to shell out 2,500 to 3,500 rupees yearly on donations or charitable contributions. The motivators are generally altruism, role model, catastrophic events, selfishness, mandated or guilt.

The growth of the middle class and the economic growth of India are in a virtuous cycle. Rising incomes lead to more consumption, which in turn leads to higher economic growth, the employment opportunities and subsequently higher wages and the circle starts again. The middle class comprises almost 30% of the population, this segment is evolving and will grow in the coming years. Our emphasis is to focus on this market for charity as there is steady, continuous contribution towards societal development. Giving donations inherently has an element of receiving benefits (tax benefit, satisfaction, good karma (deeds), status symbol or political?) However it is the middle class which is empowered with more purchase power and disposable income can contribute to the development of India.

With education, sensitivity and eco-system philanthropy, will be transformed in India from just giving to the culture of giving without any expectation in return.

'It is the middle class Make-a-Wish Foundation, that is present in 10 cities across the country, with the highest collection of more than Rs 1 crore in the year 2010/11', says K. Vaidyanathan, General Manager of the Foundation.



Forecasts show that more than half of the Indian population will be middle class by 2016. And 55% of the world's middle class will be in Asia by 2030, up from 25% now. The importance of the middle class lies in the fact that it is the fastest growing segment of the population. Evidence shows that as income increases, the amount of discretionary spending and the variety of this discretionary spending increases. For corporations, the middle class in India thus presents significant business opportunities.

### Trends and reasons for giving

Top charities in India say the rise in the number of middle class individual donors has boosted their donations by an average of 20% in the last five years. The boost in the economic growth over the last five years has been tremendous in the middle class segment; the total giving was 0.6% of GDP. Moreover, a mere 35% of the donations came from private sources, such as individuals and corporate. There is a clear spike in the number of private donors, and individual giving will grow significantly in the years ahead. Among developing nations, India's high-net-worth population is the third largest behind China and Brazil. But the number of wealthy individuals is increasing faster in India than in many other countries.

India unlike developed nations such as the US and Europe where the state already does what charity organisations do, still has a long way to go. They may be getting in more money but there is still a lack of a good model. The charities work in India because donors think the government is not doing it in the right way and so they play a key role and pitch in their contribution. With India's GDP growing year by year, so will the charitable contributions.

The recession may have hit the world, but, one can surely say that it skipped the Indian middle class. With salary hikes curbed, the middle class still finds a way to contribute in larger figures year by year. For instance, there has been an increase in the number of high-profile initiatives supporting philanthropic activities like the work of Charities Aid Foundation India and the emergence of payroll giving initiatives, GiveIndia, has channelled Rs. 550m to 150 Indian NGOs over the past eight years.

### **Some of the evolving channels**

**Direct dialogue** and **telemarketing** are currently the most effective recruitment methods.

**Social marketing** seeks to influence social behaviours not to benefit the marketer, but to benefit the target audience and the general society.

The key fundraising **channels** for donor acquisition has been telemarketing, face-to-face and direct mail as well as some pilot initiatives in online marketing. This method has resulted in a total of more than 10,000+ individual donors for Plan India, a non-profit organisation.

**Product** offering has been relatively generic focussing on one off donations (per annum) for specific themes.

**Mobile technology** - use of SMS as a channel of raising funds, for e.g. with every sms Re1 will be charged and the money diverted to a charity for e.g. Cancer Aid Society.

**Retail stores** - at Save the Children India, the power of one programme which is in collaboration with Future Group's BIG bazaar is the perfect example for middle class giving. Big Bazaar caters to the Indian middle class consumer, valuing every rupee the shop is a highly subsidised retail store for this segment of population. The products have stipulated amount reserved for the charity, this engagement between the employee and the customers is a great success.

### **Initial interview-based research**

To substantiate the information about giving by the middle class, primary data was collected by interviewing five leading organisations (Plan India, Oxfam India, GiveIndia, Save the Children and Akansha), and five individual fundraisers. Below are the questions and their responses.

The questions were as follows:

1. What is the perception of middle class philanthropy in India?
2. What donations have been received from individuals in the last five years?
3. What is the level of commitment from middle class donors?
4. What is the motivational factor for giving in India?
5. How sustainable is middle class philanthropy in India?

## Response from the NGOs

NGOs	Causes for giving	Donation received from individual donors	Level of commitment	Motivational factor	Sustainability
Plan India	Vulnerable children and child centred community development	Approx. Rs 5.5 crores received annually. About 5,000, donors every year. Plan India receives cheques approx. Rs40,000 cheques every month.	The commitment is high as people sign up after they review and are well informed about the work of the organisation.	The middle class segment wants to be involved in the giving. It is not passive donations by way of drop boxes but caring and doing their best to make a difference in the development of children and community.	Donations are small but the number of people are large. Not one time donation for tax benefit but knowing the ground realities of the work and its impact on the childrens' lives. Hence every year the same and more people repeat the donations.
Oxfam India	Education for underprivileged children and livelihoods	70% of 10 crores was collected within last year	Engaged with various social development issues	Satisfaction of supporting the cause	More in smaller towns including metros want to give in a big way.
Give India	Children, education, disabled and elderly	40-50% (last five years)	Online or net banking	Impulse (disaster, beggars etc), structured (1% of income every year etc.), in memory of a loved one, occasion-based (birthday, anniversary), fundraising events (marathons, dinners etc)	Both individual and community involvement (joy of giving and India giving challenges) is a sustainable mechanism for giving

NGOs	Causes for giving	Donation received from individual donors	Level of commitment	Motivational factor	Sustainability
Save the Children	Children, rehabilitation of sex workers, and disability	Not more than 10% of total donation	Non-profits funding various developmental projects	Most sensitive towards social giving	Donor base for the local funding is increasing which comprises of middle class.
Akanksha	Children	20%	Monthly through pay roll	Collectively making a difference	Giving will continue till they are employed and hence sustainable for a long period of time.

It is obvious that children's causes have more appeal for donations. The donation amount given by the individual (middle class) may be small, but the number of people contributing is very high.

### Individual fundraisers

The questions posed to the individual fundraisers were as follows:

1. What is the perception of middle class philanthropy in India?
2. What is its growth potential?
3. How sustainable is middle class philanthropy?

	Perception of middle class philanthropy in India	Potential growth in future	Sustainability
Fundraiser 1	In a very nascent stage, habit has not been driven down yet in the lifestyle of Indians	Not very optimistic	Religious giving is more sustainable
Fundraiser 2	Culture of giving and right attitude of giving comes with middle class	Donation not in money but in time will be valued in future	Small but frequent
Fundraiser 3	Due to prosperity, middle class philanthropy has grown for the last couple of years. Even during the lean period people didn't stop giving.	The lower middle class has moved to upper middle class and this group will grow further hence the potential of giving will increase.	It is a fact that the middle class donors are conscious of their commitment. They keep aside the amount committed for a cause, in fact formed a habit to give. The commitment at times is higher than elite.
Fundraiser 4	Sponsoring a child is an individual contribution which has been growing last few years.	Middle class segment want to be sure that their money is not misused and once convinced they will increase the amount.	Since middle class people feel that their contribution reaching out to the cause and making an impact, they are more regular, sincere and committed, hence sustainable.
Fundraiser 5	Middle class segment has disposable income and willing to share some part for the cause. They have the power of giving and aware of the options through the Internet.	The potential of middle class giving is high compared to HNI which is most often hyped for the publicity and donate one time big amount.	The mechanism like payroll has made it easier for the middle class give regularly. With the due diligence efforts by Give India and credibility alliance, there is an access for the donors to give as per their choice and cause. It is observed that with volunteering of skill/ expertise and time also gets converted to the monetary benefit to the organisation. Engagement of the middle class is key for sustainability.

The above table comprises five individual fundraisers raising funds for different development organisations. They emphasise that raising funds through individuals (middle class) is not one time giving but a continuous commitment as a part of their salary. Since it is hard earned money, their involvement is high and demand accountability and transparency for every penny spent. Besides donations, individuals as volunteers provide their expertise, time and skills, which is valued by the organisations.

To sustain the motivation of the volunteers/ donors it is critical to engage them meaningfully.

### Challenges in giving

Direct mail as a recruitment tool has become less effective with a lower clinch rate; NGOs like Plan India, Cry, World Vision and Greenpeace have little over a year ago, become active in the digital space.

Retention of donors is a huge challenge. Though direct mail is an effective tool for retention but with high attrition rate in NGOs it is difficult to follow-up.

Donors don't want to make regular efforts towards donations hence a system like payroll deduction can be an easier method and release the administrative burden on the NGO. However the government has yet to execute the option of employee giving from the payroll.

There is a negative perception about the integrity and operational management of the organisations and hence lack of trust where cash donations are given. It is observed that international organisations have better governance structure, management systems and processes in place, however the operation cost at times is higher than the needs of the beneficiaries.

Indians are still conservative in regards to money issues, the preferred payment method is cash or cheques. Direct debit and credit cards are less trusted and the systems in place are not perfect

FCRA: Foreign funds or operators must obtain a certificate from Foreign Contribution (Regulation) Act that can take up to a year and hence delay foreign funding.

Donors who provide material goods receive no tax benefits.

## **Recommendations**

The Indian government must continue to remove structural and policy impediments to development and improve income distribution across the population, in order to grow its middle class that will be consumers and drivers of growth.

Actions should include infrastructure improvements and social safety nets that encourage spending, while providing a buffer during hard times. The government should also put in place policies that stimulate the creation of stable, well-paid jobs, and encourage entrepreneurship and education (ET Bureau 20 August 2010).

Awareness and transparency of NGOs and charities has helped donors come forward and the sense of fulfilment that the money is not going to waste is a key factor for the middle class.

'For the middle class, they just want anonymity, to help, and get good karma,' says Mathew Cherian, CEO, HelpAge India, one of the oldest charities in India that was earlier supported by public sector companies, but over the last five years has emerged with a healthy individual donor scheme.

Last year, HelpAge touched Rs13 crore in collections from individuals online and via direct mail.

The age group that gives the most is mostly between 25-45 years. There is a need to educate the prospective donors and create more involvement in charitable giving than it is at present. Once this commitment is established it will facilitate regular giving and increase the willingness to donate more.

## **Specific recommendations**

Better information can help construct a more effective philanthropy market; research and analysis can help to allocate assets properly, direct funding to the most effective organisations, and improve the quality of that funding. This would maximise the chances of philanthropy having a significant impact on the lives of disadvantaged people in India.

A key cause is simple scale: the breadth, depth and complexity of poverty in the country.

To make progress on development, something more than government and markets is needed. Private giving – philanthropy – has a vital role to play in tackling social problems. It is important, not primarily because of its scale, but because of the things it can do.



In India, evaluating the quality of existing funding through research could be a first step and also a positive component – showing that using evidence to allocate resources leads to higher ‘social returns’.

**An organisation’s activities**, including its areas of focus, stage of intervention, number of people it reaches, and basic outputs and costs;

**Evidence for its results**, such as evaluations and internal monitoring systems;

**Organisational capacity to deliver results**, such as the strength of its management strategic vision and governance.

**Risks threatening results**, such as financial instability and potential external factors.

**Product portfolio** map should ensure that different needs by different types of donors and through different acquisition channels can be offered. Therefore two to three products that could fall in each segment would be a good product offering for individuals. The key priority to move forward is to stimulate regular giving products.

### **Transformation in philanthropy?**

**Focus on private giving philanthropy:** Getting professionals who have the skill sets needed to work in such areas. Example, lawyers to do pro bono work, consulting firms can consult for social organisations, accountants can perform accounting services to help NGOs. Move the corporations beyond giving money, rather contribute the specific skill sets that they have. These organisations possess assets beyond money and their influence will be able to change the direction of programmes.

### **Supporting organisations, not just programmes:**

In cases where the donors’ goals are well aligned with the charities, the donors can provide operating support and expertise over and above the monetary incentives provided. It will also better help the donors understand the problems faced by the charity and be able to create a greater impact. Creating collaborative programmes between the donor and the charity on a similar shared platform of goals will also reduce the cases of donor fatigue and increase involvement and accountability.

**Venture capitalists:** There are social venture funds out there who capitalise struggling social enterprises. They bring together the merits of successful private practices to the social sector. This allows for a much closer working relationship between the two parties. The benefits here are immense as the ability to bring professional expertise to the social business will allow it to achieve the goals better.

### **Encourage donors to initiate projects:**

Donors should be encouraged to initiate their own projects, identify strategies and solicit organisations to pursue those strategies, rather than wait for opportunities to come their way. It can only be achieved if the philanthropy ecosystem is well established in that there is high visibility and accountability among the various charities. This will then encourage donors to step in where they can help and make the difference.

**Creating a learning culture:** Many individual donors give and may not follow up on where their donations have led to. Donors should start to evaluate the effectiveness of their gifts to charity and share these lessons among fellow donors. There should be learning from evaluation, the communities they operate in and from the charities they donate to. From the lessons learnt, donors can then improve on their methods of giving and seek better avenues to do so. This will only help to improve philanthropy in the long run.

**Social investing platform:** To stimulate regular giving and targeting the youths, I believe that appropriate focus should be placed on social media. With the increasing propagation of social media in today's society, I believe that it would be appropriate if funds can also be raised through the use of social media. Current platforms that exist include Kiva and Wokai which uses similar platforms to raise money from people all around the world, with the aim to reduce costs of loans and pass these savings onto borrowers.

There are many benefits to such a scheme such as the impacts of the donations can be monitored and donors will not feel that their contribution is a drop in the ocean. They can potentially see return on their investments as well. They can also give advice on the running of the business. By creating the vested ownership in these businesses by the people who give, we can get the donors involved.

It is an opportunity for people to give with involvement and not for the sake of giving. The transformational philanthropy can change the perspective of giving and become an integral component of social change. People have to step out their comfort zone and build partnership, linkages and support the work of markets that can deliver profit and create opportunities for poor and embrace a new wave of creative, enlightened capitalism.

### **Limitations in the research**

Due to time constraints the research has a limited viewpoint, focusing on the views of middle class donors, and is based on secondary research and the limited number of NGOs and individual fundraisers interviewed. This also provides scope for further research.

### **References**

Rachna Saxena (2010), Deutsche Bank Research, 'The middle class in India', Frankfurt am Main, Germany.

Arpan Seth (2010), Bain & Company, 'An Overview of Philanthropy in India', United Kingdom.

Five years Business Plan (2009), Plan India (Mimeo), India.

Sharon Fernandes (2011) Hindustan Times, 'The Indian middle class steps up to charity.'

## Russia

### Russian Middle Class Philanthropy: Prospects for the future

Inga Pagava  
Senior Consultant, CAF Russia

This paper was commissioned to find evidence and address two key issues: Potential for giving of the Russian middle class and prospects for a more transformational philanthropy of the Russian middle class in the next three to five years. To identify its boundaries, structure, and scale, its life and philanthropic patterns a desk-top study of available academic and other publications was carried out. To assess prospects for heightened social impact delivery and find more recent evidence to build final conclusions five leaders of the Russian philanthropic sector and five NGOs of differing scope and scale were interviewed.

The main conclusions of this work are as follows.

1. Similarly to other countries, in modern Russia there is a certain constraint in giving the term 'middle class' one definition, and in the Russian context there are two main factors for this. First, time allowed for the middle class to emerge was too short; second, economic or political conditions were not favourable for the emergence of a sustained, independent core of the society that is readily recognised as a middle class. However, the current state social and economic strategy specifically aims to grow the middle class by 50% by 2020. So, today politically we have a promise for favourable climate for the growth of the middle class.

2. There is no one integral criterion to define the middle class. Academics refer mainly to three methodologies and prefer to speak about 'the middle classes' (economic, social and professional, subjective) that do not create one solid formation, they overlap and differ. There is a string of features attached to them. Social groups that make up the middle classes are characterised by different degree of the concentration of features. The integral criterion of these three methodologies yields a cross-over layer of the society that academics agree on as 'the middle class' of Russia and it equals roughly 20% (or 28 million people). So far only a tiny part of this fairly big group is engaged in philanthropy through donations, volunteering or in-kind contributions.

3. The demographic cycle is a factor in the composition and structure of the middle classes. In younger age social groups are deprived of some middle class features (high education, regular occupation). In Russia regular occupation is typical for people of 28 years and older. And overwhelming majority of Russian pensioners is not and does not plan to get involved in any form of philanthropy today. The reasons for this are a) low personal motivation and b) dearth of opportunities welcoming the older generation, for example, into volunteering. This might change with development of more organised (as opposed to ad hoc) volunteerism in Russia. Volunteerism is gaining popularity in the country, however, in many cases it is a corporate volunteerism.

4. Potential growth of the middle class is determined not so much by its current sizes and structure but its social environment and the existence of potential recruits. It would have been reasonable to expect a growth in the past because of the period (2000-2007) of accelerated growth of incomes, salaries, and pensions. Economic structure is such that the pace of growth of more wealthy groups was considerably higher than that of poor off groups. The middle class would have grown in a different ratio if only income or monetary criterion were applied. Integrally all three approaches yield just a 2% growth of the core of the middle class over the last ten years. We couldn't find evidence to forecast unexpected burgeoning of the middle class in the next five years.

5. In Russia, an earlier survey finds, it is not primarily the economic factor that triggers social lift but a combination of factors among which education and intellectual maturity play important roles. It would be also helpful to review types and groups that got included into the middle class by the social and professional criterion. These are: managers and top managers, specialists, white-collars, service sector, self-employed, farmers, family businesses; households where 50% of members or more are attributed to the middle class by occupation. These are normally the main target groups to engage in philanthropy, including when speaking of prospects. The development and introduction of new technologies, mechanisms, innovative forms of engaging more people from these groups into philanthropy and volunteerism is on the strategic list of actions for philanthropic catalysts and NGOs.

6. According to survey conducted in 2009 philanthropic contributions in Russia comprise about 0.25% of the GDP and about 33% in the overall structure of the NGO sector incomes. According to the CIVICUS Index of the Social Sector Russia holds the 27th position among other countries participating in the project. Data generated by Blago.ru, the online giving resource of CAF Russia indicates two major trends since its launch in 2008: a) steady growth in the overall numbers (frequencies) of donations via the portal by 127% in 2010 as compared to 2009 and by 64% in 2011 as compared to 2010; b) a growth in the overall amounts donated to charitable causes or NGOs by 127% from 2009 to 2010 and by 164% from 2010 to 2011. Around 70% of Blago.ru donors are middle class, and they donate to the core business of NGOs, not projects which indicates a major change in the mind-set of people who are the main source of income. Surveyed NGOs also note a donation increase in folds over the last three to five years. Major source of income in terms of amounts and frequencies is the middle class. They assign, however, the growth in donation levels to the growth of the NGO recognition and not so much to the motivation change of a private donor. Because these tendencies are on the rise, activism is high, motivation is growing, etc. we assume the tendency will hold and there is no reason to see them going down in the next few years. The recent tax legislation allowing up to 25% tax break might become a serious stimuli for private donors too.

7. Potential for civic engagement in Russia was recognised as high in a 2008 survey. Yet, the upsurge of civic activism in action (both non and institutionalised) that Russia saw in 2010-2011 was unprecedented with examples of excellent initiatives hugely aided by the Internet that received wider public support and achieved great results in very different spheres. Individuals who were behind these initiatives can be attributed to the core middle class being successful in their employment/owners of private business, middle-aged, and educated/ intellectuals. They already accumulated relative wealth or have safe and sustainable livelihoods, have children, are prepared to defend their rights and gain more independence, and now look for opportunities to create social value. They are weary of the current ineffective policies and systems and want to see changes coming along earlier than promised. This activism has been extremely effective and seemed to be independent of the core civil society and conventional philanthropic institutions, hence enhancing their transformative power might be tricky. We assume that for many years to come philanthropy and civic activism will remain a comfortable opportunity for their personal growth (as opposed to politics). From our perspective, existing philanthropic institutions and infrastructure need to find creative ways of partnering civic initiatives, supporting them, and learning from them as well.

8. Examples are scarce (so is data on the middle class in philanthropy), this evidence that a new slightly more 'sophisticated donor' has appeared who expresses interest beyond simple reporting on expenditure and is more focused on the content of the NGO activity, there is more conscious engagement in NGO activity, there are more cases of professional volunteerism. All of them agree that it is becoming a steady and growing trend among the middle class to engage in philanthropy - at different levels and in different forms. The future will call for more education among the middle class groups in order to avoid reinventing bicycle. Awareness projects are needed to give attention to fields that have been left out of the mainstream philanthropy for various reasons. Making options available for and channelling socially sustained and educated groups to such opportunities will remain a challenge for philanthropic agents and NGOs especially in the context of growing interest to the field.

9. In assessing the recent past of the Russian philanthropy, one of the respondents made a key comment: 'Over the ten years private philanthropy has transformed from an exceptional heroic act into something more habitual... it's become, more or less, a comfort zone for personal and civic initiative' that appeals to positive cords and images (versus political vista). According to another respondent, to gain some transformative power philanthropy of the middle class should simply grow in numbers – of participants, initiatives, and amounts of giving. There is a need for special transformation programmes and personalities who will lead the process and set goals. To unlock the potential of the middle class it would call for many more transparent channels for immediate philanthropic engagement, many more and easy to navigate giving technologies, including electronic giving, and in general professionalising the field of philanthropy. Awareness of incentives, both tax and reputational, should be raised in the public perception and in real life to stimulate more participation.

### **Russia's middle classes, 2008 – 2011**

Over the past ten years Russia failed to create conditions necessary for the emergence of a strong middle class. The country took a steady course towards concentration of the wealth according to the Latin-American scenario and 'Dutch disease' instead of the financial sustainability of multiple middle classes. Hence, there is no one criteria to define the middle class, and academics agree to use the term in the plural number. Middle class is then described through economics which attributes the middle class in terms of incomes or materials assets. Two other approaches are sociological and define the class in terms of social and professional status (non-material resources: education level, professional position and qualifications; position capacity) and through a subjective judgment (self-perception and self-assessment of individuals). Middle class is a social formation characterised by a string of features, and social groups that comprise middle classes have different concentration features.

The few analyses of the Russian middle class that are available suggest an integral approach adjusting results of the three methodologies and arrive at a rough figure of 20% (19%) of the population. Again, in integral meanings, the middle class grew only by 2% in the period between 2000 and 2007 when Russia was going through accelerated growth of income, pensions, and salaries almost tripled. In Russia it is not income or monetary factor that triggers social lift but factors the deficit of higher education and non-manual labour (manual jobs still predominate in the Russian economy, and the current labour structure prevents integration of new groups into the middle class).

### **Patterns of philanthropy and volunteerism in Russia**

No survey specifically dedicated to the study of the middle class philanthropic behaviour in Russia has been conducted. The survey we are referring to here looked into the attitudes to and participation in philanthropy and volunteerism of the general public. Hence, we need to extrapolate here because most of the philanthropy is done in Russia by educated individuals and groups who are either intellectuals or have higher education.

Public participation in philanthropy, according to a 2010 survey is quite low. The general atmosphere is that of distrust to charitable organisations and of no strong philanthropic habits.

- Only 1% of the respondents participated in the activities of charitable organisations and foundations previous year
- No more than 3% made donations of money or goods to help charitable organisations
- Most of the Russian people (37%) preferred to provide money to the needy directly, without using an intermediary organisation. 3% of the respondents make contributions at work and only 1% of the population said that they used an organisation as an intermediary to make their charitable donations
- Every fifth Russian is ready to initiate a charitable organisation, or prepared to volunteer, or work for an organisation for money on a non-permanent basis, or take part in their activities;
- Those most often engaged (about 60% of respondents) were middle-aged and people with higher education who felt their financial situation was permitting
- More than half of the Russian people say they were ready to continue to help strangers (contributing money, cloths, food, possibly other items, or providing personal assistance). These are mostly higher-educated people, entrepreneurs, businessmen, managers and specialists of various kinds



- The majority of volunteers prefer to engage by themselves; 7% of respondents volunteer through their place of work, 4% through government institutions and the same response rate for community based organisations
- Around 1% of the Russian public performs charitable activity through religious organisations and church communities, while 9% say they went to church and voluntarily participated in church-related charitable activities. Most of the data on religious philanthropy is not easily available in terms of amounts raised and efficiency of use
- The highest level of awareness (77%) is among higher-educated respondents, residents of metropolitan areas and large cities, as well among those who find themselves in financially comfortable situations
- Almost every third person indicated they had participated in NGO activities, meetings and civic initiatives. 36% of the public would like to support NGOs and civic initiatives by donating money
- Respondents were less often prepared to give financial support and yet, they were slightly more likely to agree to make a cash donation than to make an interest free loan (19% and 15%, respectively)
- No organisations, neither state nor private, Russian or foreign, received notable support as intermediaries that facilitate provision of assistance to the needy.

Speaking of different types of motivation for Russians, the biggest motive for Russians to be engaged in volunteer work is a desire to help people in need (38%), the second - 'to repay for all the good they have received' (14%). Almost every tenth person volunteered to help others because it gave them personal pleasure while 7% of the people did it because they would like to find a solution to specific problems. This last group seems to have the biggest potential for engaging in strategic philanthropy.

## Civic activism

In spite of the survey results cited above on volunteerism, Russia saw an unprecedented upsurge of volunteerism and civic activism in 2010 and 2011. There has been a remarkable wave of a new type of civic activism enabled hugely by the Internet and not limited to protests or campaigns. Many meaningful, well-co-ordinated, informed, targeted, and strategic activities results in early or promises long-term systemic changes. Civic initiatives took place in different spheres - environment protection, human and consumer rights, public participation in urban development, antidrug activity, public assistance, etc. Some of them received wide public support with large scale participation across the country. They also received distinct recognition by the mass media and the general public.

Some stakeholders hold that direct activism, formalised or non-formalised, is perhaps a narrow escape of civic concern of those young and middle aged Russians who have already accumulated relative wealth or have safe and sustainable livelihoods, have children, and now look for opportunities to create social value in this country where they plan to continue to live. These are groups who do not look at politics as the next carrier option (as it would be plausible in more developed countries) and at the same time they are looking for personal growth opportunities.

These men and women (a) care for the overall social and economic environment, (b) are prepared to defend their rights and achievements, (c) are weary of the current ineffective policies and systems and want to see changes coming along earlier than promised. These are certainly middle class representatives who put their activism into forms and shapes independent of the core civil society and conventional philanthropic institutions.

Talking of the future, will these initiatives be institutionalised to scale, to do more legitimate fundraising, or for any other good reason?

In our recent survey, NGO leaders when asked about future transformative philanthropy indicate that Russia certainly needs more and more civic initiatives of the middle class who has a strong motivation and is capable of sustaining momentum and yielding changes.

There is little that existing philanthropic infrastructure and institutions can do to further these public initiatives, some of them quite amazing, except for finding creative ways of partnering with them without stifling the unique spirit. Harnessing the momentum for more impact might mean here creating favourable conditions for more similar initiatives to emerge. At this stage the answer might be in the quantity of such actions that are of fairly good quality already. Some of them, as our respondents indicated, will sustain themselves, some – peak at some point and dissolve in time, and others will perhaps integrate into the existing systems, become mainstreamed and lose their civic sharpness. ‘The more of these protests, the more critical the subject, the better – around a variety of issues and of different magnitude, on regular basis and well timed. They attract public attention. The prospect is promising,’ one of the respondents suggested.

### **Blago.ru**

CAF Russia’s donation portal [www.blago.ru](http://www.blago.ru) is the only resource in the entire country where individual donors can choose a beneficiary out of a pool of validated NGOs and make a donation with the help of a bank card.

We have data available to track down the dynamics since its launch in 2008 that indicate two major trends: (a) a steady growth in the overall numbers of donations (frequencies) via the portal by 127% in 2010 as compared to 2009 and by 64% in 2011 as compared to 2010; (b) there is a growth in the overall amounts donated to charitable causes or NGOs by 127% from 2009 to 2010 and by 164% from 2010 to 2011.

Although access to the Internet and web payments are no longer exclusive distinctions of a middle class representative, possession of a bank card and its use for online transactions, dedicated interest in philanthropy, and readiness to donate a certain amount of money (no less than \$20 on regular basis and no more than \$3000 on ad hoc basis) can certainly be attributed to a person of the middle age and older, having steady income, more than conventional scope of interests, perhaps educated and/or holding non-manual work.

Let us then assume that at least 70% of the blago.ru donors belong to the middle class and their participation has grown significantly over the few years. In terms of the end application of the donated funds, uniquely enough blago.ru raises funds towards the core activity of organisations and not necessarily for project activity which does not exclude timely reporting and other transparency elements present on the portal. From the point of NGOs and experts, this strategy is quite progressive and not at all common among Russian donors, including private donors.

### **NGOs assess the middle class**

A collective portrait of a middle class donor as seen by the survey of NGOs is as of 30-55 years old (with slight variations); educated/intellectual; holding managerial position in a company/owner of a SME. They unanimously agreed that (a) the middle class is their main source of donations in absolute amounts but not necessarily in proportion to other sources of income; (b) that donation levels have increased radically over the last three to five years; (c) though examples are scarce (and is data on the middle class in philanthropy), this evidence that a new ‘more sophisticated donor’ has appeared who expresses an interest beyond simple reporting on expenditure and is more focused on the content of the NGO activity, there is more conscious engagement in the NGO activity.

All of them agree that it is becoming a steady and growing trend among the middle class to engage in philanthropy - at different levels and in different forms. They assign, however, the growth in donation levels to the growth of the NGO recognition and not so much to the motivation change of a private donor. Expanding opportunities and introduction of new forms for making donations remain one of the NGO's strategic priorities. Targeting such opportunities specifically at more educated groups of the population is a focal activity for some NGOs.

At the same time, NGOs say that the majority of donors prefer to donate ad hoc though the number of donors who donate on regular basis has increased; in-kind donations are still popular; and smaller amounts are more common and occur more often than bigger amounts; and professional volunteering is gaining popularity as well. In relatively developed regions or in smaller cities (and towns, a well-established NGO noted) philanthropic engagement is fairly high, it is an accepted standard among local businessmen but SME owners prefer to donate through their own companies and consider it as their private activity, not corporate. The director of an NGO reports of an innovative development among local businessmen who initiated a membership web resource dedicated to philanthropy in the city where they discuss city matters, come up with solutions, co-ordinate collective efforts.

### **NGO leaders assess the future of philanthropy**

One respondent made a key comment by saying 'Over the ten years private philanthropy has transformed from an exceptional heroic act into something more habitual – it's become more or less, a comfort zone for personal and civic initiative' that appeals to positive cords and images (versus political vista). The middle class estimated as 20% of the current Russian population or differently, is that more or less sustainable core of the society that has children and would defend its positions. They value their time, relative freedom, and are prepared to gain more rights and more independence.

Another respondent commented: 'Five years ago the group that one could call the middle class was concerned only with earning money, today – there is enough political frustration aided by the Internet. If oligarchs are not prepared to act, the middle class knows what it wants and is prepared to protect its rights. It is important to expand this stratum to arrive at some systemic changes; today it's still quite small'.

To gain some transformative power middle class philanthropy should simply grow its numbers – of participants, initiatives, and amounts of giving. That will create a sense of better understanding of 'the subject'; philanthropy of the middle class takes time to mature too. There is a need for special transformation programmes; there is a dearth of leaders who will lead the process and set goals. The relationship between philanthropic institutions and state need to develop much deeper; and achieving results should become a priority for the philanthropic community.

Respondents agree that even over the last five years a tremendous change in attitudes and participation, frequency and amounts of donations, etc. has happened. However, the potential of the Russian middle class in philanthropy is not completely realised, to put it mildly. There is some diversity in the forms of philanthropic participation (from traditional giving to professional volunteerism at workplace), however, the future will call for more education among the middle class groups who are attracted to civic or philanthropic activity – to teach them proved practices.

Education and awareness-raising projects are needed to give attention to fields that have been left out of mainstream philanthropy for various reasons, the so called 'unpopular themes'. To unlock the potential of the middle class it would call for many more transparent channels for immediate philanthropic engagement, many more and easy to navigate giving technologies, including streamlining electronic giving as a priority task.

Philanthropy should be recognised as a professional field with 'a lot of expert exchange and discussions going on', and it should grow its own competencies as well for the simple reason that donors are successful businessmen or/and managers and they need 'equal partners'. Awareness of incentives, both tax and reputational, should be raised in the public perception and in real life to stimulate more participation.

One respondent made a reasonable comment that regardless of the obvious rise in civic and philanthropic activism today, Russia is still to face final repercussions of the global financial crisis which is still unfolding. Its effects on the national economy are not completely clear, so her prospects for the future of the Russian philanthropy were conservative.

### **About the author**

Mark Sidel is Doyle-Bascom Professor of Law and Public Affairs at the University of Wisconsin-Madison. He is author of *Regulation of the Voluntary Sector: Freedom and Security in an Era of Uncertainty* (Routledge) and other books and articles on philanthropy and the non-profit sector. Sidel served with the Ford Foundation in Beijing, Bangkok, Hanoi and New Delhi, as president of the International Society for Third Sector Research (ISTR), and has consulted with the United Nations Development Programme (UNDP), International Center for Not-for-Profit Law (ICNL), Ford Foundation, Asia Foundation and other organisations.

# References

Report. Higher School of Economics (2010). 'Philanthropy in Russia. Public attitudes and participation.' I.V. Mersiyanova, L.I. Yakobson.

Intermediate report. Library of the Contemporary Development Institute (2008). 'Russian middle classes on the eve and on the peak of the economic growth.'

Group of authors. (2010) 'Discussions on the Middle Class'. Higher School of Economics. Library of the Institute of Contemporary Development.

Independent Institute of Social Policy (2007). 'Parents and their children, men and women in families and society.' (<http://www.socpol.ru/gender/about.shtml>)

- 1 Marcos Kisil and Márcia Woods, Middle Class Philanthropy in Brazil.
- 2 Wang Zhenyao, The Awakening of Subjective Consciousness of Middle Class Philanthropy and the Future of Philanthropy in China.
- 3 Nirja Mattoo, Middle Class Philanthropy in India.
- 4 Inga Pagava, Russian Middle Class Philanthropy: Prospects for the Future.
- 5 See, e.g., Jessica Gerard, Lady Bountiful: Women of the Landed Classes and Rural Philanthropy, *Victorian Studies*, 30:2 (Winter 1987), pp. 183-210; Simon Joyce, Castles in the Air: The People's Palace, Cultural Reformism, and the East End Working Class, *Victorian Studies*, Vol. 39, No. 4 (Summer, 1996), pp. 513-538.
- 6 Thomas G. Shrand, Soviet Civic-Minded Women in the 1930s: Gender, Class, and Industrialization in a Socialist Society, *Journal of Women's History* 11 (1999).
- 7 Among other examples that could be cited, see City Club of Portland, Report on the United Way of the Columbia-Willamette, City Club of Portland Bulletin, 62:48 (April 5, 1982), online at [http://scholar.googleusercontent.com/scholar?q=cache:ACKPp2Z4NEoJ:scholar.google.com/+%22middle+class+giving%22&hl=en&as\\_sdt=0,50](http://scholar.googleusercontent.com/scholar?q=cache:ACKPp2Z4NEoJ:scholar.google.com/+%22middle+class+giving%22&hl=en&as_sdt=0,50).
- 8 Dalton Conley, The Racial Wealth Gap: Origins and Implications for Philanthropy in the African American Community, *Nonprofit and Voluntary Sector Quarterly*, December 2000; 29:4, pp. 530-540.
- 9 See, e.g., Angela M. Eikenberry, Giving Circles: Growing Grassroots Philanthropy, *Nonprofit and Voluntary Sector Quarterly*, September 2006; 35:3, pp. 517-532; Angela M. Eikenberry, *Giving Circles: Philanthropy, Voluntary Association, and Democracy*. Bloomington: Indiana University Press, 2009.
- 10 See, e.g., Russell N. James III and Deanna L. Sharpe, The Nature and Causes of the U-Shaped Charitable Giving Profile, *Nonprofit and Voluntary Sector Quarterly*, June 2007; 36:2, pp. 218-238.
- 11 For one example, see L. David Brown and Xing Hu, Building Local Support for Chinese Civil Society with International Resources, *Voluntas* (2012), 23:711-733.
- 12 Marcos Kisil and Márcia Woods, President and Executive Director of IDIS, Middle Class Philanthropy in Brazil. Otherwise uncited quotations in this section are from this report, which is available from the Resource Alliance. Some minor non-substantive clarifications have been made to some quotations, not affecting meaning.
- 13 Neri, Marcelo. The new middle class in Brazil: The bright side of the poor. Fundação Getúlio Vargas, Rio de Janeiro, versão 1,0 in English, September 13, 2011, online at [http://lucian.uchicago.edu/blogs/bric/files/2011/05/NCM\\_Neri\\_FGV\\_HarvardMIT\\_Chicago1.pdf](http://lucian.uchicago.edu/blogs/bric/files/2011/05/NCM_Neri_FGV_HarvardMIT_Chicago1.pdf).
- 14 See eg <http://blogs.ft.com/beyond-brics/2011/08/17/brazils-middle-class-poorer-than-you-think/> #axzz1VJLDInzP; [http://www.bluebus.com.br/show/2/105438/pesquisa\\_data\\_popular\\_brasileiro\\_nao\\_sabe\\_a\\_qual](http://www.bluebus.com.br/show/2/105438/pesquisa_data_popular_brasileiro_nao_sabe_a_qual).
- 15 'Although the workers cannot really afford to give charity ... they are nevertheless more charitable in every way.' Friedrich Engels, *The Condition of the Working Class in England*, eds. W. O. Henderson and W. H. Chaloner (Stanford 1958), pp. 102, 140.
- 16 ChildFund Brasil – Fundo Cristão para Crianças. Study presented at the III Festival Latino-Americano de Captação de Recursos – FLAC 2011, Indaiatuba, Brazil.



- 17 IDIS also notes that some in the middle class may be giving to newer 'community philanthropy organisations,' 'a revised version of the traditional community foundation,' but little data is available on this potentially important area. Very limited data shows that the number of donors is growing; the church remains the highest recipient of giving through these organisations, and that the vast majority of donors give back to their own communities. IDIS. Perfil do Investidor Social Local. [www.idis.org.br](http://www.idis.org.br), 2009.
- 18 <http://www.estadao.com.br/noticias/impresso,menos--barulho-e-mais-estilo-na-classe-c--,780579,0.htm>.
- 19 Wang Zhengyao and colleagues, The Awakening of Subjective Consciousness of Middle Class Philanthropy and the Future of Philanthropy in China (中产阶级捐赠主体意识的觉醒与中国慈善的未来), Beijing Normal University Philanthropy Research Institute. All citations/quotations in this section are to this report unless otherwise indicated. Certain non-substantive grammatical and other adjustments have been made for clarity.
- 20 Xiang Bing, Great Commercial Institutions and the Making of the Middle Class, Yangtze River, Vol. 34, August 2011 [cited by Wang].
- 21 Examples given – none of which are middle class – include Cao Dewang's Heren Foundation; the Amway Charitable Foundation; the Jet Li One Foundation; the 'unsubtle ways of giving of tycoon Chen Guangbiao'; and the Hainan Liberation Commonweal Foundation.
- 22 Nirja Mattoo, Middle Class Philanthropy in India, Centre for Development of Corporate Citizenship, S.P.Jain Institute of Management & Research (SPJIMR) Mumbai. Some minor non-substantive modifications to quotations have been made to grammar and style for clarity. Non-cited quotations are all from the Mattoo report. Key sources cited include Rachna Saxena (2010), Deutsche Bank Research, The Middle Class in India; Arpan Seth (2010), Bain & Company, An Overview of Philanthropy in India; and Sharon Fernandes (2011), The Indian middle class steps up to charity, Hindustan Times.
- 23 E.g. 'the middle class will be the main source of philanthropy in the future....' That may be true, but at least some data is required to back it up.
- 24 More detail is in the India resource paper.
- 25 A few examples are given in the resource paper.
- 26 Plan India; Oxfam India; GiveIndia; Save the Children; and Akanksha.
- 27 For the full detail and references in the Russian report, see that full report available from Resource Alliance, Inga Pagava, Senior Consultant, CAF Russia, Russian Middle Class Philanthropy: Prospects for the Future. Unless otherwise indicated, quotations in the Russia section are from the Russian analysts' country report. Some minor non-substantive modifications have been made in quotations for clarity.
- 28 'Philanthropy in Russia. Public attitudes and participation'. I.V. Mersiyanova, L.I. Yakobson. Higher School of Economics (2010).
- 29 IDIS, President and Executive Director. For more information, see [www.idis.org.br](http://www.idis.org.br).
- 30 Neri, Marcelo. The new middle class in Brazil: the bright side of the poor. Fundação Getúlio Vargas, Rio de Janeiro, versão 1,0 in English, September 13, 2011.

- 31 [http://www.bluebus.com.br/show/2/105438/pesquisa\\_data\\_popular\\_brasileiro\\_nao\\_sabe\\_a\\_qual](http://www.bluebus.com.br/show/2/105438/pesquisa_data_popular_brasileiro_nao_sabe_a_qual).
- 32 UBS, Wealth Management Research Group. 'Prices & Earnings,' 40th annual edition. Zurich, 2011.
- 33 Friedrich Engels, *The Condition of the Working Class in England*, eds. W. O. Henderson and W. H. Chaloner (Stanford, 1958), pp. 102, 140.
- 34 <http://www.estadao.com.br/noticias/impresso,menos--barulho-e-mais-estilo-na-classe-c--,780579,0.htm>.
- 35 Department for Communities and Local Government's Community Empowerment Division, *The Community Development Challenge*. Crown Copyright, 2006. [www.communities.gov.uk](http://www.communities.gov.uk).
- 36 ChildFund Brasil – Fundo Cristão para Crianças. Study presented at the III Festival Latino-Americano de Captação de Recursos – FLAC 2011, Indaiatuba, Brazil.
- 37 IDIS. *Perfil do Investidor Social Local*. [www.idis.org.br](http://www.idis.org.br), 2009.
- 38 Xiang, Bing, 'Great Commercial Institutions and the Making of the Middle Class', *Yangtze River*, Vol. 34, August 2011.
- 39 CIA Factbook.
- 40 The Economist.



## About the Resource Alliance

The Resource Alliance is an international charity headquartered in London whose mission is to be the global network for fundraising, resource mobilisation and philanthropy. We build skills, knowledge and promote excellence within civil society.

To help NGOs around the world increase their fundraising capabilities, we provide a range of services and resources, including conferences, international and regional Workshops, accredited in-depth courses in fundraising and communications, tailor-made training and mentoring, research, publications and eNewsletters, knowledge sharing via our website and award programmes in best practice. We organise and run the annual International Fundraising Congress (IFC), now in its 32nd year, which brings together fundraising professionals from around the world.

The Resource Alliance is an international charity registered in England and Wales, and has 501c3 status in the US.

[www.resource-alliance.org](http://www.resource-alliance.org)

## About the Rockefeller Foundation

The Rockefeller Foundation's mission to promote the wellbeing of people throughout the world has remained unchanged since its founding in 1913. Its vision is that this century will be one in which globalisation's benefits are more widely shared and its challenges are more easily weathered. To realise this vision, the Foundation seeks to achieve two fundamental goals in its work:

1. It seeks to build resilience that enhances individual, community and institutional capacity to survive, adapt, and grow in the face of acute crises and chronic stresses.
2. It seeks to promote growth with equity so that poor and vulnerable people have more access to opportunities that improve their lives.

In order to achieve these goals, the Foundation provides much of its support through time-bound initiatives that have defined objectives and strategies for impact.

[www.rockefellerfoundation.org](http://www.rockefellerfoundation.org)